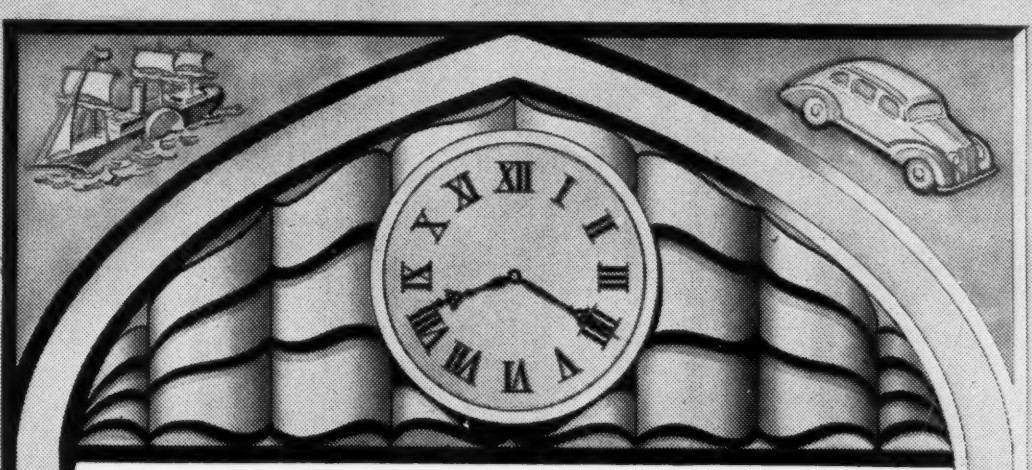


The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, JANUARY 3, 1935

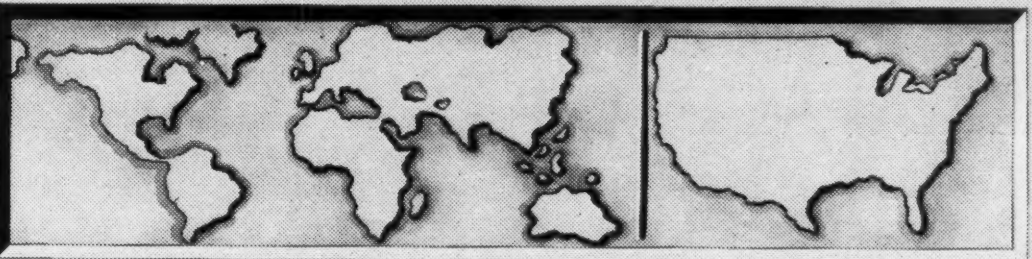


IN ONE HUNDRED YEARS, 76,000
DEATHS IN MARINE DISASTERS
IN THE WHOLE WORLD!

IN THREE YEARS, 96,300 DEATHS
IN MOTOR VEHICLE ACCIDENTS
IN THE U. S. A. ALONE!

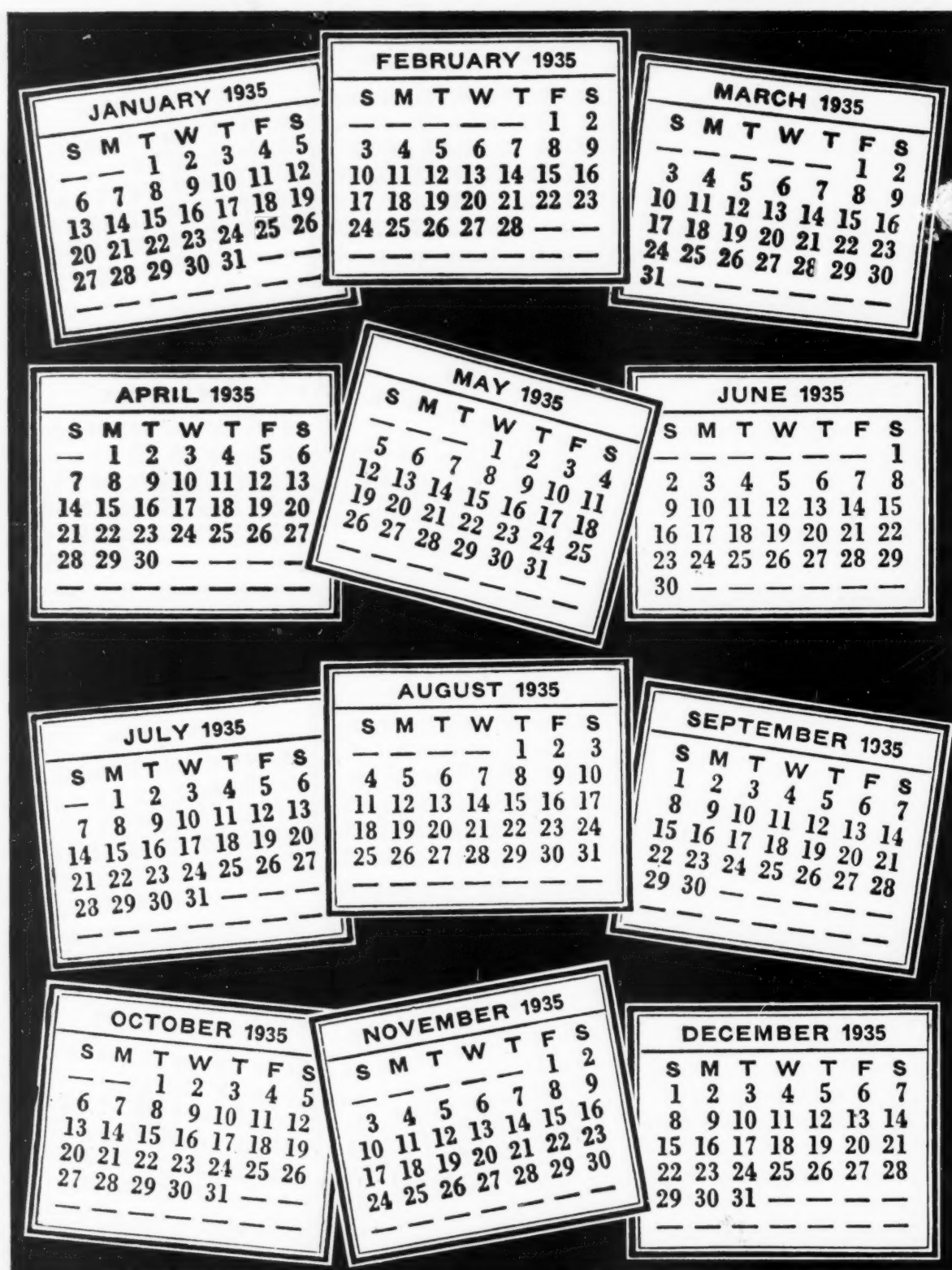
Published in the interest
of street and highway safety by

The Travelers Insurance Company
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YEAR IN AND YEAR OUT YOU'LL DO WELL WITH THE
HARTFORD ACCIDENT AND INDEMNITY COMPANY



Nationwide acceptance for "SAVING SECONDS"

The Ætna's New Highway Safety Film

Adopted by the American Association of Motor Vehicle Commissioners as part of its highway safety program for the coming year. A number of states have already inaugurated statewide distribution of the film as advocated by the Commissioners' Safety Committee.

Approved by the National Bureau of Casualty and Surety Underwriters and made part of its street and highway safety program.

Adopted by the New York Police Academy as part of the curriculum for the training of police officers.

Approved by the National Safety Council and shown before many state and local safety councils.

Approved by the International Association of Police Chiefs. President Siccardi has urged each police chief to make arrangements with his local motion picture theatres to show "Saving Seconds" under the sponsorship of the police department.

Used in police traffic courts in many cities from New York to San Francisco. In some cities, notably Allentown, Pa., the police authorities have held open traffic courts showing "Saving Seconds" to the traffic violators and the public.

Shown in cooperation with the Standard Oil Company of New Jersey as one of the features of their safety project—the "Esso Cruiser." This safety tour will cover practically every city and town in the twenty-eight states served by the Standard Oil Company of New Jersey and its subsidiaries.

Shown by RCA-Victor from their three sound trucks now touring the United States.

Approved by the American Automobile Association and adopted for use in its safety program.

Approved by the Boy Scouts of America, shown at regional meetings and bulletined in the official magazine.

Being used in New York City public schools in connection with the safety program of the New York Police Department and Dr. Herbert J. Stack, Child Safety Supervisor.

Approved and used by boards of education, school superintendents, principals, and teachers in all parts of the United States.

Further information about "Saving Seconds" and other Ætna conservation aids may be obtained by inquiring of any Ætna supervising office or of the Home Office at Hartford, Connecticut.

It pays to be an Ætna-izer!



THE ÆTNA CASUALTY & SURETY COMPANY

THE ÆTNA LIFE INSURANCE COMPANY

THE STANDARD FIRE INSURANCE COMPANY

THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

"WHEN A FELLOW NEEDS A FRIEND!"

An America Fore Combined Automobile Policy gives your clients over 40,000 friends throughout the U. S.

When they run afoul of automobile financial responsibility laws there is someone nearby to give them a helping hand.

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NEW YORK

CHICAGO

SAN FRANCISCO

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DALLAS

MONTREAL

The National Underwriter

Thirty-Ninth Year—No. 1

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JANUARY 3, 1935

\$4.00 Per Year, 20 Cents a Copy

Schedule of Illinois Hearings on Code

Meetings Will Be Held in Chicago,
With Adjournments to
Springfield

FIRST SESSION JANUARY 11

Suggested Changes Must Be Submitted
in Advance to Legislative Commission
and Department in Writing

SPRINGFIELD, ILL., Jan. 2.—The proposed Illinois insurance code will receive the first of what may develop into a long series of airings early in January.

Insurance Director Palmer has announced six meetings will be held in Chicago in January. The meetings will be held at the La Salle hotel.

The legislative commission is composed of State Representative George A. Fitzgerald, chairman; State Senator James J. Barbour, secretary; Senator L. O. Williams, and Representatives B. S. Adamowski and G. J. Johnson.

Schedule Is Set Forth

The schedule of the Chicago meetings follows:

Jan. 11, 1 p. m.—Provisions affecting fraternal.

Jan. 12, 9 a. m.—Inter-insurance exchanges and Lloyds.

Jan. 18, 1 p. m.—Mutual benefit associations and agents and brokers.

Jan. 19, 9 a. m.—Life insurance companies.

Jan. 25, 1 p. m.—Casualty insurance companies.

Jan. 26, 9 a. m.—Fire insurance companies.

Mr. Palmer issued the following statement in connection with the hearings, which also will be held at Springfield:

"All persons interested in these matters are invited to attend the hearings and to present any suggestions they may have for amendment to the code as originally presented. Those called for Friday and Saturday meetings should probably be in attendance each day as the meeting will go right through Friday afternoon and evening and all day Saturday if necessary. In addition, if necessary, an adjourned meeting each week will be held in Springfield, in the state house, on Tuesday and Wednesday evenings following.

"If any additional meetings are necessary for the discussion of provisions not mentioned above, those interested may present them at any of the above hearings and a definite time and place will be set for their consideration, probably at the adjourned meetings in Springfield.

"It is important that those who have changes to suggest or amendments to offer, submit them in written form, with a sufficient number of copies for the commission and the department, in advance of the hearing at which they intend to discuss them.

(CONTINUED ON PAGE 9)

Superintendent Van Schaick Reports to N. Y. Legislature

ALBANY, N. Y., Jan. 2.—An encouraging measure of improvement in the insurance field is noted by Superintendent G. S. Van Schaick in his annual report to the New York state legislature. The insurance department is still confronted with many matters growing out of the depression.

The past year stands out as one of the most satisfactory in fire insurance business from an underwriting point of view, premium volume having shown an increase while favorable loss experiences continued.

The capital structure of the fire companies appears to have become stabilized as there were no capital adjustments of note during 1934. There have been a few mergers and no new companies organized in New York.

There has been little change in marine insurance and the premium volume is still affected by the depressed conditions in the United States and abroad. The Morro Castle catastrophe represented a large insurance loss, but no New York company was seriously affected as the risk was well spread.

Investment Provisions Suggested

In Mr. Van Schaick's recommendation for additional insurance legislation he suggested that the law compelling domestic companies to maintain their invested capital and surplus within the territorial boundaries, should be amended to require them to maintain 80 percent of their net invested assets as a safeguard to the difficulties involved in the event of liquidation.

He would also restrict the investment of 70 percent of the unearned premium and loss reserve funds of non-life companies to securities now prescribed for their capital investments and for the investment of life companies.

Investments or loans upon the security of improved real property in any state provided security be eligible for insurance under the provisions of the national housing act is also recommended.

A measure is suggested restricting investments and loans to affiliates and restriction of a 10 percent limit of the amount of the company's assets which may be invested or loaned upon as security of any one institution or piece of property.

For Federal Bankruptcy Act

The difficulties involving the supervision of delinquent companies doing extensive interstate business were enumerated by Superintendent Van Schaick. When a company's assets are scattered across the country, if taken over for rehabilitation or liquidation, the affairs in each state become a separate unit. Different rules of substantive law and of practice govern the handling of these units. Even greater differences exist in the matter of practical administration. The divided responsibility encourages sectional disputes and makes cooperation difficult. The remedy for this condition, according to Mr. Van Schaick, is amendment to the federal bankruptcy act providing a uniform

method of handling delinquent insurance companies in the federal courts. Theoretically the same results could be reached by uniform state legislation, but this actually seems to be impossible. Fears have been expressed that amendments to the federal act would be an entering wedge for federal supervision of insurance, but there were a number of phases involved in that question.

Wants Extra Examiners

The report refers to improvements made in the system of examining insurance companies during the last year. Mr. Van Schaick says that "greater results are expected to be obtained by the examination of subsidiaries and affiliates, more frequent examination of companies where advisable at shorter intervals than the statutory periods, and increasing of the current value of examinations by the elimination of delays in filing reports." Legislation is sought to provide a revolving fund for the employment of extra examiners in periods of emergency that may confront the department hereafter.

Other changes in law recommended include proposals to strengthen the statute prohibiting officers and directors being pecuniarily interested in transactions of an insurance company.

The department's aggressive policy regarding unauthorized companies was told by Mr. Van Schaick. The insurance department has no power to prevent the transaction of such business through the mails and is also handicapped in its activities by inadequate facilities.

Superintendent Van Schaick mentioned the developments in the valuation of securities, calling attention to the fact that companies have been notified of the withdrawal of the special amendment providing that the price of a bond obtained through an exchange for another security and for the betterment of a portfolio, could be deemed for amortization purposes to be the amount allowed by the department at the end of the previous year for the other security. Superintendent Van Schaick recommended that this amendment would be repealed.

Tribute to Supervision

An increased staff of eight new supervising auditors for the audit bureau, was asked for the next insurance department budget. It is impossible to audit the company statements properly with a limited staff. The removal of the audit bureau from New York to Albany is recommended as well as an increase in salaries.

Unfair practices and encroachments that have plagued the business for many years are being effectively eliminated through the cooperative efforts of the fire, marine and casualty insurers, said Superintendent Van Schaick. The result of the conferences leading up to the marine-casualty definition is generally regarded as an important and valuable step in insurance supervision.

Superintendent Van Schaick called attention to the problem of subsidiaries,

(CONTINUED ON PAGE 10)

Rumor Sommers Is to Succeed Bailey

Report Published Veteran President of American Will Be Board Chairman

ANNUAL MEET FEBRUARY 4

Vice-president of the Important Newark Group to Be Advanced, According to Story

NEWARK, Jan. 2.—A rumor that Vice-president Paul B. Sommers will be elected president of the American of Newark, succeeding C. Weston Bailey was printed in the Newark "Evening News." According to this story Mr. Bailey will become chairman of the board. The report was neither denied nor confirmed at the head office. The annual meeting will be Feb. 4.

Mr. Bailey is one of the grand old men of insurance, having been connected with the American 58 years and having served as president 16 years. If the story is true, the business will regret his contact with the everyday life of insurance will be less, but those who know Mr. Bailey will rejoice that he will be relieved of many of the burdens of office.

Sommers Popular Choice

The choice of Mr. Sommers as the new president would be most popular. He is a man of gracious and pleasing personality and a keen insurance operator.

Mr. Bailey suggested last year to the directors that he be permitted to give way to a younger man but he was prevailed upon to remain. As president Mr. Bailey presided at board meetings and to insure that he would continue to function in this way, the position of chairman of the board was created.

Mr. Sommers was born in Franklin, O., in 1885 and was graduated from Lake Forest, Ill., University. His first connection was with the Scottish Union, remaining with that company 10 years. Then he engaged in the local agency business in Cleveland and in 1920 joined the American of Newark as superintendent of agents.

In 1923 he became a vice-president of the company and in 1924 a director. Mr. Sommers is an important factor in organization affairs. He is chairman of the executive committee of the National Board, chairman of the governing committee of the Interstate Underwriters Board and a member of the Southern Tornado Insurance Association.

Firemen's Appoints H. R. Vogel

SAN FRANCISCO, Jan. 2.—Harold R. Vogel has been appointed special agent for the Firemen's group for all lines in southern California. Mr. Vogel was formerly special agent for the Netherlands in the same territory and previously was with the America Fore in Washington and southern California.

Authors of Illinois Code Give Their Personal Views

IDEAS OF GOBLE, DICKINSON

Granted Free Hand by Palmer But Differed With Him in Certain Respects

George W. Goble, professor of law at the University of Illinois, suggested in a talk in Chicago last week that an advisory insurance council of six to ten members, appointed by and responsible to the governor, be set up in the various states "for curbing inefficiency, laxity, favoritism or abuse of power" by the insurance commissioner. He was a luncheon speaker at the annual meeting of the American Association of University Teachers of Insurance. He and Prof. Frank G. Dickinson are the authors of the proposed Illinois insurance code.

Mr. Goble pointed out that the proposed Illinois code does not provide for an advisory council. "In my judgment the code should incorporate such a plan," he stated.

Tells Points of Difference

Incidentally Mr. Dickinson disclosed some of the points on which the authors of the code and Insurance Director Palmer of Illinois did not agree. He stated that Mr. Palmer had given the authors a free hand but naturally there were points on which the insurance department and the drafters could not see eye to eye. The principal point of difference was in the matter of an advisory insurance council. Mr. Goble and Mr. Dickinson stressed strongly the desirability of such machinery, but they were not able to convince Mr. Palmer.

The principal motive of the authors, according to Mr. Dickinson, was to provide regulations, under which Illinois companies might thrive and grow. In other words, they want a situation to be created whereunder an Illinois company might enjoy a prestige, second to none in the land.

Rate Control Section

The provisions for fire and casualty rate control were largely dictated by the insurance department and the authors took issue with these sections on several points, Mr. Dickinson stated. The main point of difference was over the proposed formula which provides a 5 percent underwriting profit on the various types of fire and casualty insurance. Mr. Dickinson said that he and Mr. Goble felt that this was too inflexible. They preferred a provision similar to sections 141 and 141-B of the New York insurance law which provide that the commissioner pass upon the reasonableness and adequacy of rates.

Mr. Goble and Mr. Dickinson also desired to provide for taxation of fraternal on the same basis that life companies are assessed. They feel there is no reason for a distinction being drawn, but they were overruled on this.

Advisory Rating Organizations

Mr. Dickinson said that he and Mr. Goble did not have a hand in drafting the article, under which advisory rating organizations and advisory insurance counselors would be licensed. They were in favor of a prohibition against mutual benefit concerns writing full life contracts. They wanted the writing powers of these concerns limited to term to age 65.

The authors also wanted to provide that the insurance commissioner be given a higher status and greater salary and they also desired to insert a provision that the insurance department be given a greater proportion of the taxes for the administration of the office.

In his luncheon talk, Mr. Goble said that insurance regulation is best provided by concentration of powers in one officer. The insurance board as an administrative agency has been tried in eight or ten states but has been supplanted in

(CONTINUED ON LAST PAGE)

Further Maneuvers Made in the Missouri Rate Case

STATE COURT REFEREE FILES

Recommends 11.1% Fire Rate Increase, 16 2/3% Windstorm—Supreme Court Holds Up Granting Injunction

D. F. Calfee, special referee appointed by the Cole county circuit court, has filed a report recommending that the 74 companies, whose case is before the state court, be granted an 11.1 percent increase in fire insurance rates in Missouri and 16 2/3 percent increase in windstorm rates. At the same time he recommended that the order of the insurance superintendent in 1930 denying the 16 2/3 percent increase be set aside.

The companies on Monday filed exceptions to the referee's report and it is understood that attorneys for the state are doing likewise. The companies took exception to Calfee's method of calculation, particularly on the ground that Calfee took into consideration interest on reserves. He did not, however, take into consideration profits from investments.

Files Supplementary Report

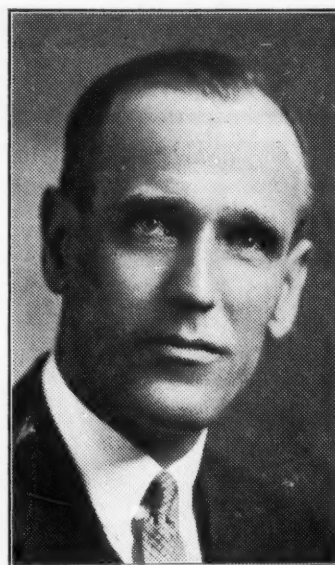
Calfee also filed a supplementary report, based on the aggregate experience of 187 companies. In this report he contended that 52 companies had earned profits of from 10 to 122 percent under the rates they had been charging up to Aug. 8, 1929; that 12 companies had suffered losses ranging from 5 to 196 percent.

The Calfee report must now be passed upon by the Cole county circuit court and undoubtedly it will go from there to the Missouri supreme court.

Following the decision of the Missouri supreme court to the effect that the Cole county circuit court had improperly sanctioned the collection of the 16 2/3 percent rate increase since 1930, the attorneys for the companies filed with the Cole county court a petition for an injunction to restrain the insurance superintendent from interfering in the collection of that increase. This was the procedure, which the Missouri supreme court stated, should have been followed originally. The companies at the same time asked that the excess premiums that have been collected since 1930, be returned to the companies or in the alternative that the money be held as security while suit is pending.

After the companies had filed their petition for an injunction, attorneys for

May Be Made President of American of Newark



PAUL B. SOMMERS

The rumor was printed in a Newark evening newspaper that C. Weston Bailey will retire as president of the American of Newark to become chairman of the board and that he will be succeeded in the presidency by Paul B. Sommers, who is now vice-president.

the state filed a prohibition motion before the Missouri supreme court, asking that tribunal to prohibit the Cole county court from issuing the injunction. The supreme court thereupon notified the Cole county court to do nothing until the supreme court had had time to think over the question.

J. G. Monroe Dies

J. G. Monroe, Sr., former Philadelphia adjuster and Ohio field man, died in Louisiana. He was over 75 years old. In 1906 Mr. Monroe was made manager of the Philadelphia branch of the General Adjustment Bureau, following several years of experience as special agent with the Continental in Ohio. He was active in the separation movement while he was with the Continental and oldtimers remember his fighting attitude in opposing clearance.

THE WEEK IN INSURANCE

Insurance Director Palmer of Illinois announces schedule of hearings on the proposed Illinois insurance code. **Page 3**

Superintendent Van Schaick of New York presents annual report. **Page 3**

North British & Mercantile to develop inland marine and specialty lines. **Page 11**

J. G. McFarland is advanced from Minnesota state agent to superintendent of agencies in the western department of the American. **Page 8**

Liverpool & London & Globe makes offer to purchase Seaboard of Baltimore. **Page 8**

J. Hunter White is appointed agency superintendent of the southern department of the National Union at the head office. **Page 16**

A federal court decision affecting the occupational disease situation in Illinois is handed down by Judge Barnes in Chicago. **Page 23**

Sharp increase in automobile accidents reported by Travelers. **Page 23**

National Bureau to study compensation accident and production cost problems. **Page 24**

Rumor is printed that C. Weston Bailey is to become chairman of the board of the American of Newark and will be succeeded in the presidency by Paul B. Sommers. **Page 3**

Further maneuvers are made in the Missouri rate case affecting the 74 companies whose case is before the state court. **Page 4**

John C. Ketcham, Republican, former Congressman from Michigan, appointed Michigan commissioner succeeding C. E. Gauss. **Page 5**

Owen B. Hunt, Philadelphia insurance man, is appointed Pennsylvania insurance commissioner by Governor-elect Earle to take office Jan. 15. **Page 5**

J. C. Heyer reviews casualty underwriting experience. Compensation and surety improvement seen, automobile liability serious problem. **Page 25**

Commissioner M. L. Brown of Massachusetts opposes demerit and merit system of determining automobile liability rates. **Page 24**

Finishing touches are being put on the program which is an alternative to enforcement of separation in Chicago, and the agreement is expected to get final approval next Friday. **Page 5**

Issue Rules for Reporting on Foreclosed Real Estate

NEW YORK REGULATIONS OUT

Superintendent Van Schaick Notifies Companies as to Method in Making Statements

NEW YORK, Jan. 2.—Real estate acquired by foreclosure but still subject to redemption will be made a special item in the annual reports of all insurance companies and societies operating under jurisdiction of the New York department, being inserted as item 1-a under the heading of ledger assets, Superintendent Van Schaick informed organizations reporting to the department.

The status of real estate subject to redemption has been a moot question since it became known some time ago that the department was not satisfied with having it reported other than as real estate. Some companies, however, objected to classing such properties as real estate, on the ground that they did not actually own them, since they were subject to redemption during the redemption period.

Create Special Classification

For the sake of clarity and uniformity the department has decreed a special classification. Full information, similar to that required in schedule B for mortgages in default, where applicable, should be given in the special schedule for such foreclosed real estate, the communication states.

Other special instructions on preparation of 1934 statements are:

Rates for calculating in schedule D, parts 1 and 2, the amounts to enter in the column headed "market value" for bonds and stocks should be those given in the convention booklet of security values to be published early this month, but rates and values for bonds of the United States, Canada and political subdivisions acquired after Dec. 31, 1931, should be actual Dec. 31, 1934, market quotations. Amortized values should be entered in the column headed "amortized or investment values" for all such bonds not in default as to principal and/or interest; for those in default values entered should be those listed in the market value column.

Rule Regarding Other Bonds

Amortized values should be entered for all other bonds not in default as to principal or interest which are amply secured and rated B1, BA, BB, B* or higher by Standard Statistics, Moody, Fitch, or Poor, respectively. Values for bonds not meeting these requirements should be the same as those entered in the column on market values.

Proper answers should be given for each bond under schedule D, part one, last column. In schedule D summary bonds of Home Owners Loan Corporation and Federal Farm Mortgage Corporation, fully guaranteed as to principal and interest by the United States government, should be included with United States federal bonds in line three and description changed to read "United States, direct and/or fully guaranteed obligations." All other bonds of these corporations, including those on which only interest is guaranteed by the government, should be entered in line 28.

Ruling Is Explained

Total of column headed "amortized or investment value," part 1, schedule D, and total of the market value column in part 2, schedule D, should be used to determine amounts to enter as excess of amortized or investment value of bonds and market value of stocks over book value or excess of book value of bonds and stocks over amortized or investment value and market value respectively.

If total value of bonds and stocks thus calculated exceeds the aggregate of market quotations of Dec. 31, 1934, for such securities, Superintendent Van Schaick

(CONTINUED ON LAST PAGE)

Public Insurance Training Nearer

Broad Interest in Institution Noted by Educators in Chicago Gathering

DR. HUEBNER PRESIDES

Prof. Blanchard of Columbia U. Elected President of American University Insurance Teachers

Slow but steady progress has been made toward the goal set by all insurance educators, not merely the training of a professional life agency force, but education of the people in the fundamentals of insurance, it was reported at the Chicago annual meeting of the American Association of University Teachers of Insurance. Cooperation secured from many colleges and universities in giving the C. L. U. examinations has been a big step forward in interesting the schools in including insurance courses in the curricula. However, the times are not propitious to push for any such step immediately. College and university heads frown upon starting new courses now because of the cost.

There seems no possibility in the near future of including insurance subjects in the general educational plan, although of course a goodly number of universities and colleges now have good insurance schools or more or less adequate courses. However, so deep seated is insurance in the social scheme today that interest in its theory and practices is growing constantly, and there is much hope among the insurance teachers that in time it will take its rightful place alongside banking, commerce, transportation and other main subjects in the general curricula.

Subject Much Discussed

The subject dominated the Chicago meeting. It was ably presented in the first paper in the morning session by Ralph H. Blanchard of Columbia University. He holds that insurance education should start along broad general lines, emphasizing similarity in fundamentals between various types of insurance and based on the premise that the study is primarily for potential executives. Specialized training can follow. Professor Blanchard believes training for particular insurance jobs can better be accomplished elsewhere than in schools.

Dr. S. S. Huebner, University of Pennsylvania, retiring association president, presided over the morning session. Prof. Frank Bowers of Ohio State University in a discussion approved Professor Blanchard's ideas. He said it is desirable that the general population be given some idea of insurance fundamentals and know the terms.

Better Enrollment Expected

Apparently when business schools were being developed there was no one to speak for the inclusion of insurance. However, insurance has steadily grown in public interest and attendance in schools of insurance is constantly increasing. He urged that the study of insurance be made entirely elective, and, he believes, satisfactory enrollment in insurance courses may be expected in time. Universities can help in discussion of important insurance questions, such as social insurance, both state and federal, how far to go in this direction, etc.

Robert Riegel, University of Buffalo, member executive committee of the association, said Professor Blanchard's ideas rest on the assumption that vari-

(CONTINUED ON PAGE 11)

Finishing Touches Being Put on Chicago Agreement

SEE FINAL ACTION FRIDAY

Force of Western Underwriters Association Is Being Placed Behind Commission Rules of Chicago Board

Except for some finishing touches, the alternative program to separation in Chicago was formally ratified by company and agency representatives at their meeting last Friday. Another meeting will be held Friday of this week at which the seal will be affixed and after which the full details of the program will be made known.

The instrument has been referred to Charles F. Thomas, manager of the Western Underwriters Association, and J. S. Glidden, manager of the Chicago Board, to put into final shape.

The program and the statement of it have undergone revision half a dozen times during the conferences. The negotiations have been between a subcommittee of three local agents, O. E. Aleshire, J. I. Naghten and L. E. Yager, and a subcommittee of company men—E. A. Henne, C. R. Tuttle and Walter D. Williams.

Aleshire Is Spokesman

Mr. Aleshire was designated spokesman for the group. He stated the agreement gets down to basic principles. Some minor changes in the machinery of the Chicago Board will be required but for the most part the pact provides for enforcement of existing rules.

Until now, western department executives have been so preoccupied with the Chicago situation, that they have given very little consideration to other excepted cities in the west. Chicago presents a number of unique problems and these were approached from a specific point of view, rather than being considered as representative of questions that might arise in other cities.

Even before the question of separation had been broached, much thought was being given to the commission situation in Chicago. Many of the managers were showing concern because of the way things have been drifting in that city. They said it was unfortunate that the city, which is the headquarters for much of the machinery for orderly conduct of the fire insurance business, should be permitted to drift into disorder.

Accordingly, the discussions of separation merged into the question of commission regulation in Chicago and it became apparent, as the deliberations continued, that the objectives sought in separation were about the same as those being sought by advocates of reform as to commission practices. Therefore the decision was reached to put the Western Underwriters Association behind enforcement of the Chicago Board rules. However, it is emphasized that this procedure is an experiment and does not necessarily imply that separation is being permanently abandoned so far as Chicago is concerned. Neither does it imply that the separation program of the W. U. A. has been altered so far as the other cities in the west are concerned, nor does the arrangement that has been reached in Chicago set a precedent for other cities.

R. F. C. Man with G. & R.

G. T. Cross of Gallicoon, N. Y., attorney in the Reconstruction Finance Corporation, has been appointed special assistant to the president of the Globe & Rutgers. He was formerly a local agent in Gallicoon.

Mr. Cross was secretary to President Roosevelt when the latter was governor of New York. At one time it was reported Mr. Cross would be appointed collector of the port at New York, the post, however, going to J. J. Hoey some months ago.

Honor Commissioner Moose of Nebraska at Big Dinner



CONN W. MOOSE

Some 450 Omaha insurance men, women and officials, including Governor R. L. Cochran, attended a banquet in Omaha held in honor of Conn W. Moose, newly appointed Nebraska insurance commissioner. H. W. Ahmanson, National American Fire, chairman of the chamber of commerce insurance division, sponsored the affair and was toastmaster.

Speakers, besides Governor Cochran, who said he was "pleased to find that one of my appointments has met with the approval of so many people," included, former Judge F. A. Wright, W. F. Cozad, president of the chamber and Mr. Moose.

William Logan, president of the Nebraska Life Underwriters Association, presented Mr. Moose a "life friendship policy" from the association. In a brief talk, he said he was glad that the appointment "had at least been made from the ranks of insurance men."

Young E. Allison Joins the "Weekly Underwriter"

Much interest is taken in the announcement that Young E. Allison, former president of the "Insurance Field," has joined the "Weekly Underwriter" of New York as associate editor in charge of the life insurance department. He will assume this work on Feb. 1. Mr. Allison is well known in the business in its various branches and his resumption of active contact with the business will be welcome.

Mr. Allison was born in 1890 at Louisville. He graduated from the University of Michigan and after three years of daily newspaper work, joined the "Insurance Field" at Chicago as associate editor. The next year he was made managing editor of the "Daily Field" at San Francisco. Then he went to New York as associate editor of the "Insurance Field" and in 1920 joined the America Fore group as advertising manager, remaining in that position from 1918-20. He then spent four more years in New York as associate editor of the "Insurance Field" and returned to Louisville in 1924 as managing editor. He was advanced to executive vice-president and upon the death of his father in 1930, he was elected president. He served in that capacity until early in 1934, when he resigned.

Insurance Survey Pondered

Indianapolis, Jan. 2.—A meeting of the insurance committee of the Indianapolis Chamber of Commerce will be held Thursday of this week to consider plans for making an insurance survey of Indianapolis. J. J. Fitzgerald, secretary-treasurer of the Grain Dealers National Mutual Fire, is chairman.

New Officials Are Named in 3 States

J. C. Ketcham Is the New Commissioner in Michigan Succeeding Gauss

R. G. WATERS IN TEXAS

Replaces W. S. Pope as Casualty Commissioner—O. B. Hunt Takes Charge of Pennsylvania Department

LANSING, MICH., Jan. 2.—John C. Ketcham, former congressman, banker and farm leader, was appointed insurance commissioner Dec. 31 by Governor-elect F. D. Fitzgerald and took office Jan. 1, along with the new governor, the date also being his 62nd birthday.

Mr. Ketcham succeeds C. E. Gauss of Marshall. Like Mr. Gauss, he has had no previous connection with insurance business.

Active in Republican Party

The new commissioner has been active in Republican politics for many years and was one of Mr. Fitzgerald's most zealous campaigners.

Mr. Ketcham served the fourth Michigan congressional district from 1921 until 1932 when he was defeated in the Democratic landslide which swept state and nation. He had won eminence chiefly through his espousal of the farm cause.

He started in Hastings as a teacher, became grade school superintendent, served as county school commissioner, postmaster, as head of the National Sugar Beet Growers Association. He is president of the National Bank of Hastings.

HUNT IS APPOINTED

HARRISBURG, PA., Jan. 2.—Owen B. Hunt, Philadelphia, has been designated insurance commissioner for Pennsylvania by Governor-elect G. H. Earle.

Mr. Hunt is regional claim manager for the Continental Casualty in charge of eastern Pennsylvania, southern New Jersey and Delaware. He has been in the insurance business 12 years, starting with the Penn Mutual Life and later becoming connected with the claims department of the Commercial Casualty. He then for five years was claim manager of the Pennsylvania Surety, and for the last five years has been with the Continental Casualty.

He is a world war veteran, with a record of having been under fire for 129 consecutive days. He was gassed and wounded at the Vesle river and in the Argonne forest, and attained the rank of major.

Since the death of C. F. Armstrong last February, C. H. Graff has been acting commissioner.

E. S. Joseph, a prominent agent of Harrisburg, has been appointed first deputy insurance commissioner of Pennsylvania.

WATERS SUCCEEDS POPE

AUSTIN, TEX., Jan. 2.—Richard G. Waters, an assistant attorney general and formerly district attorney at Texarkana, is to succeed W. S. Pope as casualty insurance commissioner and member of the Texas insurance board. Mr. Waters was Governor-elect Allred's campaign manager last summer.

The Michigan department has broadened the license of the **Thames & Mersey Marine** to include ocean as well as inland marine business.



The Chances You Take

Every agent takes certain chances. They're part of the day's work. Will that investment in equipment pay out? Will this prospect be worth the trouble? Will that client keep his promise to pay next week? Will this, or another promotion idea produce the best results?

But there's one kind of chance no good agent need take. He should never have to worry about the financial soundness of his fire companies. He needn't ever wonder whether honest fire losses will be paid fairly and quickly. The problem of getting a fire company whose fieldmen know their jobs shouldn't trouble him. Shrewd quibbling over what is and what is not covered in a fire, automobile or windstorm policy need never drive him to distraction. For, if he is a good agent, he can always represent one of these companies.

The
LONDON ASSURANCE
The
MANHATTAN
Fire and Marine Insurance Company
The
UNION FIRE
Accident and General Insurance Company
99 JOHN STREET NEW YORK

NEW YORK UNDERWRITERS INSURANCE COMPANY

CAPITAL \$2,000,000

A. & J. H. STODDART, General Agents

90 John Street - - - - - New York City

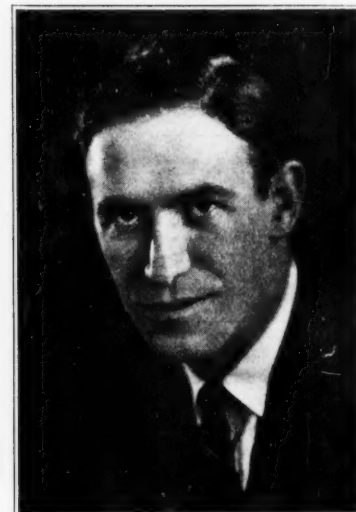
**FIRE - AUTOMOBILE - WINDSTORM
BUSINESS INTERRUPTION INDEMNITY**

Field Appointments Announced



ELMER R. JANUARY

KANSAS CITY, MO., Jan. 2.—Harry D. Brown, Lawrence, Kan., has been named state agent for the Kansas City Fire & Marine in that state. Mr. Brown has been with the Connecticut Fire in Kansas the past five years. Previously he had been a year with the Glenn Charlton agency at Lawrence, six years with the Home's improved risk department, doing field work for it in various territories, and a year with the Western Actuarial Bureau, when he worked out of the Chicago office.



HARRY D. BROWN

O. P. Rush, vice-president of the company, will continue to maintain close contact with agents in Kansas, as he has done with those in Oklahoma, Missouri and other states in the "home zone" of the company. Appointment of Mr. Brown is a further development of the company's home zone program, according to Mr. Rush.

This is the second important field appointment of the company recently. E. R. January has just been appointed Illinois state agent.

Dudley Cates in Important Post with Investment Trust

Dudley Cates, vice-president of Marsh & McLennan in Chicago since 1923, in charge of financial matters and investments, has resigned to become vice-president of the Commercial Investment Trust of New York, one of the largest finance institutions in this country and the vehicle for Ford car financing. Mr. Cates cleared up his affairs in Chicago this week and left for his new post. He had been connected with Marsh & McLennan for 15 years, being elected vice-president 11 years ago. Formerly Mr. Cates was in the investment field. His new position is said to be one of great responsibility. Mr. Cates for a time was an important cog in the NRA, being a deputy administrator.

Georgia Outlaws Separation Program of the S. E. U. A.

According to the official organ of the South Carolina Association of Insurance Agents, Attorney General Yeomans of Georgia has ruled the separation program of the Southeastern Underwriters Association to be violative of the laws of that state, and has ordered its rescission in so far at least as Georgia is concerned.

W. H. Wolf Detroit Manager

Walter H. Wolf has been appointed manager of the Detroit branch of the Jersey Fire Underwriters Department of the American of Newark and the New Haven Underwriters Department of the Security of New Haven. Mr. Wolf succeeds George W. Dicks, deceased.

Mr. Wolf is at present state agent for the Lumbermen's and Philadelphia National and formerly managed the branch office of the National Union in Detroit. He therefore comes to his new duties with a background of experience and the appointment is a very happy one.

Farm Bureau Mutual Now Is Organized in Indiana

INDIANAPOLIS, Jan. 2. — The Farm Bureau Mutual has been organized to write fire, tornado and automobile in Indiana for members of the state Farm bureau and stockholders of the cooperative commodity associations of the state. It has been licensed but will not be ready to write business at once, as much of its printing is yet to be done and its organization effected.

The State Farm Mutual of Bloomington, Ill., had this business until about two months ago. There have been two factions in the field for the insurance business. The one which is now announcing its organization got under way first and was accordingly given official recognition. Officers of the company are Lewis Taylor, Newburg, president; C. C. Palmer, Albion, vice-president; Everett Jeans, Indianapolis, secretary. Directors are Mr. Taylor, also president of the Indiana Farm Bureau; Mr. Palmer, Harry Davis, Newmarket; J. B. Cummins, Portland; Arthur E. Arnett, Rensselaer; C. R. Benjamin, Crown Point, and L. L. Needler, New Augusta. It is understood that the organizers also plan to organize a company to write life insurance.

St. Paul's Coast Changes

W. G. Frazier of Portland, superintendent of agencies in Oregon for Goodwin & Allan, has moved to Seattle to take charge of the St. Paul Fire & Marine for Washington and northern Idaho territory.

L. R. Centro, formerly Oregon special agent for Chas. A. Colvin, has been appointed special agent for the St. Paul, supervising Oregon, southern Idaho and Utah with headquarters in Portland.

New Chubb & Son Members

Percy Chubb and John Rogers, both actively connected with the marine office of Chubb & Son for years, have been admitted to membership in the firm.

VIEWED FROM NEW YORK

By GEORGE A. WATSON

BROKERS ASSOCIATION DINNER

The Independent Brokers Association of Brooklyn will hold its annual dinner and dance Jan. 30.

* * *

BROOKLYN BROKERS ELECT

The Brooklyn Insurance Brokers Association elected H. L. Heisted president at its annual meeting to succeed J. L. Schneider, who becomes chairman of the executive committee. Other officers are: Vice-president, Bernhard Stern; secretary, H. G. Ellis, Jr.; treasurer, E. C. MacCormack; executive committee, S. P. Eisman, V. A. Gauthier, J. H. Pisselli and Charles Reppa.

* * *

BROOKLYN AGENTS PROTEST

The Brooklyn Fire Agents Association is opposing the proposed amendment to the New York Fire Insurance Exchange rules which would limit commission paid to Brooklyn agents to 10 percent unless they had continuously represented a company for practically 20 years. This action was taken at a special meeting and in addition identical underwriting powers for both Brooklyn and Manhattan agents were asked for. The Brooklyn agents also want a voice in making the rules of the exchange affecting practices and business in Brooklyn and want no discrimination in commissions.

This action on the part of Brooklyn agents was the result of rumors regarding the report that a special committee of the New York Exchange is to make. The report was to be made at the December meeting, but was deferred so that the Brooklyn agents might present further arguments in favor of broadening their privileges.

* * *

REPORT ON NEW YORK EXCHANGE

The New York insurance department examiners have recommended that the New York Fire Insurance Exchange revise certain practices to insure greater accuracy and equity in rating matters and adhere more closely to its rules and agreements. The examinations conducted under the supervision of the arbitration committee of the exchange were commented upon. It has been the practice of the exchange to close a case when corrections of violations have been reported by the offender without further check and the insurance department feels that the exchange should also ascertain by an inspection whether the orders have been carried out. The department examiners also urged that the exchange report to the insurance department all payments and commissions to unlicensed brokers. A stamping office is also suggested to insure greater accuracy in rates. Extension of the examination work of the exchange was recommended so as to make possible more frequent examinations. To avoid unfair discrimination it was suggested that the same percentage of reductions based upon the number of locations should be made in New York City division as well in the other three divisions of the New York fire insurance rating organization.

The insurance department's request that an effort be made to simplify some of the schedules and rating rules is in line with the aims of rating bodies the country over. It is recognized that, however correct in principle, the average schedule has carried its rating computations to an extreme degree and that reform in such direction is desirable. Care must be taken, however, that the change be not carried too far. Penalties must be imposed for structural and occupancy defects and for exposures, while credit is due for superior construction and hazard reduction. Incidentally, rating in exchange territory is made through application of the universal schedule, with certain modifications.

The department recommended greater promptitude in removing charges for electrical defects once they have been

remedied, which doubtlessly applies to residences rather than specifically rated risks. The inspection of electrical installations is performed by the New York Board with which body the exchange is seeking a workable plan that will accomplish the end sought by the department.

The suggestion that a stamping office be created to more effectively check rate

and rule violations is not generally endorsed, it being felt that such method would fail to accomplish the service now rendered by the examining staff of the exchange. The latter body, constantly employed, examines the records of members without advance notice, the company or agency to be investigated being selected by lot.

Concerned Over Tax Relief

DETROIT, Jan. 2.—Concerned over the probable effect of proposed legislation for the further relief of delinquent tax debtors upon the value of state obligations in insurance investment port-

folios, the Affiliated Insurance Interests of Michigan has sent a communication to Governor-elect F. D. Fitzgerald and to members of the legislature urging further consideration of the proposed bill before its adoption as an administrative measure. W. G. Curtis, president of the National Casualty, is chairman of the association.

Rescinds Marine Definition

Commissioner W. A. Sullivan of Washington has rescinded his approval of the marine-casualty definition because of apparent conflict with the marine sections of the state insurance code.



Underwood & Underwood

How To Make *Satisfied* Customers

YOUR TELEPHONE RINGS! Instead of an order or a renewal an excited client is on the wire reporting a loss.

There should be no faltering or hesitation on your part. Get the facts, make an inspection immediately, and send a report to the company the same day.

Then, assuming the loss is found legitimate, if your company will follow through with a prompt equitable settlement you will have a satisfied customer—a customer that will work for you and bring you business. There is no better advertising.

How to make satisfied customers! Perhaps we can help you solve this prob-

lem. By speeding up the payment of losses we make thousands of satisfied customers for our agents.

Our files contain many letters like this one from agent Conrad Schrader, Shelbyville, Indiana:

"The exceptional loss service you have rendered has caused a lot of comment in your favor in this community and is a great help in putting new business on our books."

Does this kind of service appeal to you?

We are interested in first rank agents—so we invite you to investigate our complete facilities and attractive agency contract. Simply write to us now saying "send the details."

1865



1934

**MILLERS NATIONAL
INSURANCE COMPANY • CHICAGO**

A Good Strong Company

NEWS OF FIELD MEN

J. G. McFarland Is Advanced

Minnesota State Agent of American Becomes Western Department Agency Superintendent

John G. McFarland, Minnesota state agent of the American of Newark, has been transferred to the western department office in Rockford as superintendent of agencies.

Mr. McFarland joined the American as a special agent in Kansas in 1930, having been connected with the Kansas Inspection Bureau several years previously. He served the American in Kansas as special agent and state agent until early in 1932, when he was made Minnesota state agent.

Mr. McFarland will be succeeded by Karl P. Theimer, who left the field in 1932 to become an agency superintendent in the western department office and who now returns to the territory he formerly supervised so successfully for a number of years.

Mr. Theimer's headquarters will be

in the Foshay Tower building, Minneapolis. H. E. Doering, who will assist him as special agent, will be at New Ulm, Minn., as heretofore.

Mr. Theimer has desired for some time to return to field work and he particularly wanted to be assigned to his former territory, Minnesota.

Southern Vacancies Filled

North British & Mercantile Group Promotes H. G. Thomas at Louisville and Minard at Montgomery

The North British & Mercantile has appointed H. G. Thomas special agent at Louisville and R. E. Minard special agent in Alabama to fill the vacancies created through the deaths of Special Agents V. G. Weaver and W. W. Graves several months ago. Both of the new appointees are graduates of the United States head office of the North British, each having worked up through the various grades from office boy.

Mr. Thomas entered the employ of the

parent company in 1922, and after several years' training became field inspector in Louisiana and Mississippi in 1929. Three years later he was advanced to special agent to assist Special Agent Weaver, whom he now succeeds. From his New Orleans headquarters he will supervise the interests of the North British, Pennsylvania and the Commonwealth in his jurisdiction.

Mr. Minard's field experience, after some years' training at the head office, began in 1924 as an inspector. In 1929 he was made a special agent under a roving commission in the south, being appointed special agent to assist Special Agent Graves three years later. He will operate from Montgomery, and be responsible for developing the business of the Commonwealth, Mercantile and the Pennsylvania as well as of the North British in his present territory.

Michigan Field Club to Meet

Delinquent agency balances and other problems of the field men will be discussed at the meeting of the Michigan Field Club, Bureau company organization, in Detroit Jan. 15. S. A. Syrett, Grand Rapids, special agent Northwestern National, is president and D. C. James, Firemen's group, Detroit, secretary.

Ohio Field Meetings

The Ohio Blue Goose will hold an initiation in Columbus next Monday night. The pond is putting on a membership campaign in appreciation of the election of Ralph W. Hukill, Fireman's Fund, as an officer of the grand nest. The field clubs will meet the next day.

Bay State Club Elects

The Bay State Club, composed of Massachusetts field men, at its annual meeting in Boston elected these officers: President T. W. Keany, American; vice-president, G. H. Sise, Northern Assurance; treasurer, C. F. Campbell, New York Underwriters, and secretary, A. H. Langlois, Niagara.

Budlong With Century

W. R. Budlong has been appointed special agent in Pennsylvania for the Century of Scotland, and for a time will make headquarters in Philadelphia. He knows his present field in every particular, having traveled it for some years for the Sun of London and before that for the Providence Washington.

San Francisco Frolic Feb. 4

R. R. Robertson, superintendent of agencies London & Lancashire, who is chairman in charge of arrangements for the annual frolic of the San Francisco Blue Goose, has arranged an elaborate program for the affair, which will be held around Feb. 4.

Coultas Blue Goose Speaker

Decision has definitely been reached to hold the annual meeting of the Illinois Blue Goose in Decatur the evening of Jan. 16. The principal speaker will be Sherman V. Coultas, Illinois state fire marshal. The semi-annual meeting of the Illinois Fire Underwriters Association will be held in Decatur the following day.

Oklahoma Christmas Party

The annual dinner dance of the Oklahoma Blue Goose Dec. 29 took the form of a Christmas party, with all the features of the holiday season, under the supervision of Gilbert Hayden, America Fore. Nearly 200 guests were in attendance. John E. Wilkinson was chairman of the general committee.

Ohio Inspections Scheduled

The Ohio Fire Prevention Association will inspect Marion Jan. 15. H. K. Rogers will address the school children. The next inspection will be at Dover Feb. 26.

The South Dakota State Fire Prevention Association will inspect Ipswich, Jan. 9.

COMPANY NEWS

Offer Is Made for Seaboard

L. & L. & G. Proposal of \$12 Per Share Approved by Large Stockholders and Directors

BALTIMORE, Jan. 2.—The Liverpool & London & Globe has offered to purchase all outstanding stock of the Seaboard of Baltimore at \$12 a share, according to a letter sent stockholders of the local company by President R. J. Brooks.

The offer has been approved by the largest stockholders of the company, holding more than 65 per cent of the stock, and has the assent also of the board of directors, Mr. Brooks said.

In May, 1933, the L. & L. & G. and Prudential arranged for 100 percent reinsurance of all policies of the Seaboard. That contract is still in force.

The Seaboard was incorporated about ten years ago to engage in the fire and allied lines. It has 30,000 shares of stock outstanding, the par value of which was reduced in 1932 from \$10 to \$7 a share.

Stockholders are requested to deposit their stock with the Fidelity Trust Company before Jan. 2 in exchange for cash on consummation of the sale.

Century Promotes Hosking to Assistant U. S. Manager

NEW YORK, Jan. 2.—The Century of Scotland has promoted John Hosking from general agent to assistant United States manager, aiding Manager W. A. McConnell. One of the younger generation of fire officials, Mr. Hosking has traveled far and fast in the business since his entry into the office of the North British & Mercantile in 1911. After several years service in the western department he was appointed its special agent for Chicago and Cook county in 1920, retaining that connection for nine years. He resigned to become general agent of the Century when it established its United States department. Mr. Hosking has visited agencies in practically every section of the country and through attendance at meetings of the four regional governing bodies has become favorably known to company men.

Merger Is Approved

The New York insurance department has approved the merger agreement of the North Star and the American Colony. The new company will take the former name and will have a capital of \$600,000, with a surplus of about \$1,500,000.

Deal Is Consummated

Sale of more than 15,000 shares of stock in the Iowa National Fire to F. C. Harvey of Kansas City is being closed this week. The stock was held by the receiver of the Fire Insurance Company of Chicago and Mr. Harvey was one of two bidders. He offered \$7 a share. The court confirmed the sale last week. An opportunity was given for filing objections, but none was filed.

C. Ed Beman, president of the Iowa National Fire, states the change in control will not result in any changes in the management.

Muenter Quits Fireman's Fund

A. F. Muenter has resigned as assistant secretary of the Fireman's Fund group to enter another field of endeavor. He joined the company in San Francisco in 1916 following his graduation from the University of California.

The Rogers & Belding agency, El Paso, Tex., has bought the G. Schell & Co. agency.

ILLINOIS

"A Century of Progress"



The world's eyes were upon this state the past two summers. In Chicago were revealed the wonders of a "Century of Progress." Illinois proudly displayed her own achievements—and the accomplishments of many nations were exhibited in the name of beauty and education . . . Illinois, like other mid-western states, combines agriculture and industry, and is virtually an empire in itself. The whole country reveres its city of Springfield as the home of Abraham Lincoln. The world salutes the immensity and enterprise of the great city of Chicago. A state that has achieved its importance by endeavor, and its citizens never seem lacking in ambitions.

In paying tribute to the state of Illinois, it is our pleasure to announce the appointment of

E. R. JANUARY

1318 Insurance Exchange
Chicago, Illinois
as Illinois state agent.

THE KANSAS CITY FIRE & MARINE INSURANCE COMPANY

"A Friendly Neighbor to Middle-Western Agents"

Home Office:
Federal Reserve Bank Bldg.
Kansas City, Mo.

Chicago Office:
Insurance Exchange
Chicago, Ill.

Managed by
R. B. Jones & Sons, Inc.

Schedule of Illinois Code Hearings Is Now Announced

(CONTINUED FROM PAGE 3)

"Anyone intending to appear before the commission should advise the commission in advance of their intended appearance, together with a statement of what feature of the code they propose to discuss and whom they represent."

In reporting the various features of the proposed Illinois insurance code, THE NATIONAL UNDERWRITER erred in reporting that there is a provision prohibiting issuance of an agent's or broker's license to any bank or trust company or its officers or employees in a place of less than 5,000 population. The opposite is true, no such license to be issued in places of more than 5,000 population.

ARKANSAS COMMITTEE NAMED

LITTLE ROCK, ARK., Jan. 2.—Commissioner Gentry this week appointed a special committee to study a proposed recodification of the state insurance laws and to make recommendations to the legislature when it convenes Jan. 14. Members of the committee are: Verne McMillen, Little Rock insurance attorney; Howard H. Conley, Little Rock, general agent, New York Life; Allan Kennedy of Fort Smith, general agent for several companies; Pinchback Taylor, Pine Bluff, representing the Arkansas Association of Insurance Agents; Former Senator Robert Bailey of Russellville, Senators J. C. Ashley of Melbourne and J. L. Shaver of Wynne; Representatives B. E. Carter of Texarkana, J. K. Butt of Rogers and J. G. Rye of Russellville.

To Start Work Soon

Mr. Gentry said he will ask the committee to meet in Little Rock soon to organize and begin its work. He will submit to the committee a proposed recodification which he has been working on several months. He said the proposed measure contains changes designed to clarify existing statutes and to put all forms of companies on an equitable basis in the matter of filing bonds or depositing securities.

SITUATION IN MICHIGAN

LANSING, MICH., Jan. 2.—Considerable proposed legislation of interest to insurance is likely to be considered at the legislative session starting today.

Measures strengthening the fire marshal's law and setting up a protective code for hotels, apartments, etc., will be offered.

The department may sponsor a rating bill for automobile insurance. A statutory background for operations of the Michigan branch of the National Council on Compensation Insurance may be sought.

There is strong support for an increased budget for the insurance department to permit extension of its activities and more comprehensive supervision.

Commissioner Gauss favors civil service for the department's personnel and it is possible that a bill to create such a plan might be offered. The fact that Mr. Gauss is to retire from office shortly, may hurt chances for such legislation, however.

The newly formed council of life underwriters was given several proposed legislative changes for consideration when the Michigan State Life Underwriters association held its annual meeting. Among matters considered at the convention were: repeal of the counsel-

lors' law, legalization of the aviation rider, and bolstering of protection beneficiaries as regards creditors' claims.

Some radical proposals may be expected from sources unfriendly to the business. Rep. George Teachout of Flint has announced he will offer a bill to create a state monopoly of the fire business and another to establish a new premium tax with receipts returned on a per capita basis to local communities.

The Michigan Association of Insurance Agents has an 18-member legislative committee under Clyde B. Smith of Lansing. This committee will meet Jan. 21 on the eve of the mid-year convention of the association here.

The insurance men in the house are: James A. Wilson, Kalamazoo, J. C. Roosevelt, Detroit, James Helme, Adrian, and the following new members: J. F. Nagel, Detroit; J. G. Mullen, Wallace; W. F. Remer, Saginaw; J. B. Smith, Alma, and Neil Wheeler, Shelby.

NO CODE FOR OHIO

COLUMBUS, O., Jan. 2.—It is quite unlikely that an insurance code will be drafted in Ohio this winter. At the session of the general assembly, which will convene Jan. 7, various matters of vital interest will come up. Taxation will be a prominent feature of legislation, always with the possibility that an attempt may be made to increase the tax

burden on insurance companies. A motorist's responsibility law will be sought. Life insurance men will tackle the part-time agent problem and fire insurance men may demand an agent's examination and qualification act. Life, fire and casualty men are in favor of a larger appropriation for the department of insurance. A movement is under way to divide the state department of insurance into three divisions—life, fire and casualty, with a deputy in charge of each.

ACTION IN WEST VIRGINIA

The proposed West Virginia insurance code has been drafted in pursuance of a resolution adopted by the last session of the legislature in that state instructing the insurance commissioner to make a complete study and survey of the insurance laws of other states and to compare them with the laws of West Virginia and to report his recommendations and findings at the next regular session, which begins Jan. 9.

Such a survey has been made and the conclusion was reached that the laws in West Virginia were sufficient and adequate with three exceptions. In the first place, the laws governing the farmers' mutual cooperative fire companies were badly in need of revision. Secondly, the West Virginia laws contained no provision regarding health and accident insurance, and finally the statutes of West

Virginia contained no provision whatsoever on all forms of casualty insurance.

Committees were appointed on these three subjects, the personnel of which is representative of all the people in the business that new legislation on these subjects would affect. A general committee was also appointed composed of representatives from every branch of the business. The reports and findings of the committees on health and accident, farmers' mutual fire, and casualty will be reviewed by the general committee and if, in their opinion, new legislation is needed, the general committee will draft the actual language that will go into the commissioner's report to the legislature.

After Auto Service Outfits

Deputy Commissioner Harlan Justice states that consideration is also being given to the introduction of a bill that will curtail the operations of the so-called automobile service contact companies. "We have been plagued with these rackets for years," Mr. Justice states, "and the insurance commissioner has no authority whatsoever in handling them or regulating their activities."

"We are also contemplating the introduction of a bill on rehabilitation of the capital structure of domestic companies when their capital becomes impaired. This will be merely substituted for the

Can you, when asked...

"PUT IT IN A LETTER!"

EXPERIENCE shows that it takes at least two contacts to make a sale. And when it comes to Net Earnings, or Business Interruption Insurance, it usually takes three, because of the prospect's lack of familiarity with the subject.

A prominent instructor in public speaking says there are three parts to a good speech—(1) tell them what you are about to say; (2) say it; and (3) tell them what you have said.

We have previously told you about point 2 in connection with the selling of Net Earnings Insurance—our copyrighted Sales Talk—and now we come to points (1) and (3). We have an advance letter which will arouse curiosity and pave the way for an interview. And lastly, when the bewildered prospect begs you to "Put it in a letter!", we have that very difficult problem all taken care of in our Follow-Up Letter.

Agents and prospective agents are invited to send for these letters.

BY THE FIRE COMPANIES
OF THE AMERICAN GROUP



THE AMERICAN OF NEWARK
•
THE COLUMBIA FIRE OF DAYTON
•
DIXIE FIRE OF GREENSBORO

● SELL Accident and Health Insurance

The Accident and Health Review

tells you how, gives you new sales ideas and suggestions, latest news, court decisions, etc., etc. Send 9c in stamps for sample copy to A-1944, Insurance Exchange, Chicago.

old scheme of receivership and liquidation.

"It is our intention to leave all of the insurance statutes exactly as they are and the new laws which we expect to propose will be in addition."

The committees on the specific subjects have handed in their tentative reports and the general committee will be called together within the next three weeks to review the reports and make their recommendations.

PROPOSALS IN ALABAMA

MONTGOMERY, ALA., Jan. 2.—A revision of the Alabama insurance laws, tantamount to the adoption of an insurance code, will be proposed by Superintendent Greer to the legislature which convenes Jan. 8. Mr. Greer says he will offer several fundamental additions of a constructive nature.

So far as is known Mr. Greer's proposals are the only known definite insurance measures in the offing for legislative action.

Governor Graves will take office Jan. 14, but the consensus is he will not act for some time thereafter on the appointment of an insurance superintendent. The term of Mr. Greer does not expire until next fall but the governor has the power to vacate the office at any time for a new appointee.

In a statement as to the code, Mr. Greer declares no radical provisions are included. It is not new insurance law, he states, although much of it will be new to Alabama. Many provisions are taken from the draft of statutory provisions relating to the business of insurance approved by the American Bar Association in 1927. Other provisions were taken from the standard code provisions relating to the business of life insurance approved by the Life Presidents Association and the American Life Convention. Other provisions are in substance the same as the present statutes, being revised to eliminate ambiguities.

Among the fundamental additions proposed, he states, is a sound, reasonable,

comprehensive investment law for domestic companies. Another is a comprehensive rehabilitation and liquidation law. Then there are standard provisions for policies of all kinds. The life insurance and accident and health standard provisions will be those in the American Bar code, and for fire insurance there will be the standard New York provisions.

Superintendent Van Schaick Reports to N. Y. Legislature

(CONTINUED FROM PAGE 3)

affiliates and interlocking directorates. The use of securities and investments of affiliates has been subject to frequent criticism, as well as the transactions of affiliated companies which permit the diversion of corporate funds and permits numerous forms of abuse. The insurance department is submitting several proposals to the legislature to curb the alleged evils.

Superintendent Van Schaick also called attention to the undesirable elements in group or fleet advertising, inasmuch as it denotes that each member of the group is stronger by reason of its affiliation. Although this is sometimes true, said Mr. Van Schaick, there are instances where membership in a group has not prevented disastrous failure. He feels that this problem should be given consideration by eliminating or properly controlling the practice.

In reporting on the qualification bureau, Superintendent Van Schaick said that there is reason to believe that the standards in the insurance field are improving all along the line due to the statutes relating to competency and trustworthiness of agents.

The F. A. Douglass agency, Houghton, Mich., has purchased the Sheldon & Dickens agency, which was founded in 1898 and has been conducted by M. R. Dickens for 20 years. The Douglass agency was established in 1858.

Outstanding Insurance Woman Leader Is Dead



MISS JULIA HINDMAN

Miss Julia Hindman, who was one of the outstanding women identified with insurance in this country, died last week at a hospital in Nashville at the age of 73. Funeral services were held on Monday. She had been ill about two months.

About two years ago, Miss Hindman retired as executive secretary of the Tennessee Association of Insurance Agents, after having served in that capacity 17 years. Since then she had maintained offices with the Loventhal Bros. Company.

Miss Hindman was born in Giles county, Tenn., and her family moved to Columbia, Tenn., while she was a child. She went to Nashville in her early years and for half a century she had been identified with the business activities of that place. She was the first woman to enter the insurance business in Nashville.

Her first connection was with the Cooley, Metzger & Keith Co. This company was later dissolved and Miss Hindman became secretary to Mr. Cooley. When he died several years ago, she succeeded to the agency he had operated.

Later she was associated with James E. Brock in the Hindman & Brock Co.

Miss Hindman was a leading citizen of Nashville. She was the first woman member of the chamber of commerce and had been a member of the Centennial Club since shortly after its organization. She was a member of the Peabody Women's Club and the Vanderbilt Aid Society.

Active pallbearers were H. Phelps Smith, I. G. Chase, C. B. H. Loventhal, Richard Bolling, Jr., J. H. Norton and W. I. Edwards.

Honorary pallbearers were Lee J. Loventhal and Miss Theodora Scruggs of Nashville; C. M. Cartwright of Chicago; Young E. Allison of Louisville, and Walter H. Bennett of New York.

Year Closes with Balance Situation Well in Hand

NEW YORK, Jan. 2.—As is usual in the closing days of each year, fire insurance offices devoted considerable time and such pressure as was needed in the closing weeks of 1934 to cause payment of overdue agency balances, and with far better result than in previous years. Local agents, as a rule, found it easier to collect from their assured, while some of the agencies that were under control of special agency committees managed to wipe out a percentage of their indebtedness at least.

The severe plight into which companies as well as agents were plunged during the blackest depression years has

Broad General Education Need in Insurance Course

VIEWS OF PROF. BLANCHARD

Columbia University Educator Suggests Tentative Studies at Chicago Meet of Insurance Teachers

The greatest service to students in the insurance world and to society can be rendered if the university sends out students with a sound and broad theoretical knowledge of insurance, Prof. R. H. Blanchard of Columbia University stated in his talk on "University Instruction in Insurance Curricula and Teaching Methods" at the Chicago meeting of the American Association of University Teachers of Insurance.

The guiding principle of insurance education ought to be a recognition of the fundamental unity of the purposes, problems and theory of insurance, he said. He considered it deplorable that the somewhat "slavish recognition" of the traditional divisions of insurance in school of business courses and in development of much insurance literature is continuing.

Factual Courses Needed

He suggested that insurance courses should be presented as discussions of insurance problems, such as organization of carriers, contracts, rates, reserves, state regulation, etc., in the light of the fundamental purpose of the efficient elimination of risk. There is considerable feeling, particularly among students, that courses dealing with business subjects should be practical, which means there should be conveyed a larger fund of factual material or instruction in methods of carrying on the business.

A vivid presentation of actuality may give needed impetus to the students' thinking, he said, and thus full advantage should be taken of the opportunity to use forms, reports and mechanical devices currently employed in the practical conduct of insurance, as well as inspection trips to home offices, etc.

Pearl Cited in Washington

OLYMPIA, WASH., Jan. 2.—The Pearl has been cited to appear before Insurance Commissioner Sullivan tomorrow to show justification for its proposed fire schedule. Some time ago Commissioner Sullivan rejected the first filing of the Pearl because it was indefinite and would have permitted the company to establish a special rate for any particular risk. The second filing meets some of the objections but not all of them and if accepted will permit the company to cut considerably under board company rates. Protests to acceptance of the rates was made not only by the board companies but by the General and Northwestern Mutual of Seattle writing participating and dividend policies and by the Northwestern National which recently won the right to file a 20 percent deviation over the commissioner's objection.

Miscellaneous Notes

Lamar J. Duke, 43, head of the Waterloo agency of Waterloo, Ia., dropped dead from a heart attack.

John H. Camlin, head of the agency bearing his name in Rockford, Ill., has informed his companies that he has given an interest in his agency to James J. Beattie and Esther A. Johnson in recognition of their services.

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(CONTINUED FROM PAGE 5)

ous forms of insurance have much in common, but it is a question how far the resemblances go, whether they are general; but on the other hand their differences are specific and pertinent. There is for instance great difference between a long term contract such as life insurance and a short term form, such as fire. Development of Mr. Blanchard's ideas would, he believes, require the writing of a new type of insurance text book.

S. H. Nerlove, University of Chicago, said in the early stages of insurance training similarity between coverages should be emphasized. He suggested the first part of the course should be devoted to insurable rather than insurance risks, the second part to the question of transferring insurable risks to carriers; next the bearing, or carrying, of risks; then social control, and finally perhaps expansion of insurance methods to other fields.

Dean McCahan's Ideas

David McCahan, University of Pennsylvania, dean American College of Life Underwriters, who read a paper on "University Instruction for Insurance Leadership," disagreed with Professor Blanchard on the type of training for those going into insurance as a profession or into general business. He said there seems to be a need for different types of training for each of the two classes of students. He said it should be recognized that students going to collegiate schools of business desire to learn about business. The insurance approach must be made through giving them what they go to school to get and then encouraging them to study insurance as well. He said it is not possible in one or two courses to teach a student all that he needs to know to be a critic of insurance. Insurance companies have approached the problem of teaching insurance from the viewpoint of getting as much business as possible thereby, but now the idea of service to people is growing rapidly, he commented.

Prof. F. G. Dickinson, University of Illinois, secretary-treasurer of the association, said that synthesis rather than analysis is needed in insurance education. Insurance educators should take the point of view of making students not only good buyers of insurance but also training them to the point where they can go ahead and specialize in insurance if they see fit. He said insurance course have been guilty of too much specialization.

Professor Huebner's Inquiry

Dr. Huebner touched on the subject of how much emphasis to place on various parts of the insurance study, whether survey courses, required course, special or seminar. He said from a fourth to a third of the survey course in the Wharton school which he heads is devoted to uses and the service which insurance renders to the buyer. Professor Blanchard expressed opinion that the seminar should be open to the widest possible discussion of insurance topics.

An interesting debate on "Is a General System of Social Insurance a Practicable Ideal," featured the afternoon session, Paul H. Douglas, University of Chicago, taking the affirmative and L. H. Lippincott, superintendent of the training school Maryland Casualty, the negative. Professor Douglas commented on the coldness of insurance men to a general plan of sickness, unemployment and indigent old age insurance, which, he said, might be caused by the term "social insurance." He said a new principle is forcing itself on the consciousness of the people, that society is coming to regard the benefits of social solidarity sufficiently great to require those who enjoy them the most to pay the cost for those who enjoy them the

least. It is obvious, he said, that the poor cannot pay for most of their burdens and this cost must be borne by employers, consumers, etc.

Professor Nerlove presided in the afternoon. He and A. J. Johannsen, director life insurance course Northwestern University and supervisor Northwestern Mutual Life, Chicago, were in charge of local arrangements.

Other Papers on Program

William Leslie, associate general manager National Bureau of Casualty & Surety Underwriters, spoke on "The Condition of the Workmen's Compensation Business." H. W. Dingman, vice-president and medical director Continental Casualty, spoke on "Experience in Disability Income Insurance." He said that although many companies have gone or are going out of disability income business, he believes in time they will be back in it.

Professor Blanchard, head of the insurance school of Columbia University, and association vice-president in the last year, was elected president for next year; Dr. Harry J. Loman, professor of insurance University of Pennsylvania, vice-president, and Prof. F. G. Dickinson, University of Illinois, reelected secretary-treasurer. Prof. Charles Bowers, head of the insurance school of Ohio State University, was elected to replace Professor Nerlove on the executive committee, which also includes the officers, Robert Riegel, University of Buffalo, and A. H. Mowbray, University of California, also are on the executive committee.

E. W. Nourse Is Honored With Resolution and Gifts

NEW YORK, Jan. 2.—Everett W. Nourse, U. S. manager of the London Assurance, was surprised by the presentation by field men and department heads, of a resolution in honor of his completion of five years as their chief. Assistant Manager Chris D. Sheffe led the parade into Mr. Nourse's office.

Frank J. Finley, New Jersey special agent, made the presentation of a letter of congratulation signed by all department heads, bound with individual letters from the field men who were not present. The men also gave Mr. Nourse a driving set and golf bag.

Gorski Marine Special Agent

CINCINNATI, Jan. 2.—D. F. Gorski succeeds J. P. Thomas as marine special agent in Cincinnati for the North America with supervision over southern Ohio and Indiana, Kentucky and Tennessee. Mr. Gorski comes from Chicago where he has been with the company eight years. Mr. Thomas has been transferred to the marine department in Chicago.

Bird and Keller Consolidate

The H. A. Bird and C. J. Keller agencies of Beaver Dam, Wis., have consolidated under the title of the Bird-Keller Agency. The new office will be located in the space formerly occupied by the Bird agency. Mr. Bird is chairman of the executive committee of the Wisconsin Association of Insurance Agents. He started in the business in 1906.

Mr. Keller entered insurance in 1922. He is president of the Dodge County Insurance Agents Association.

E. V. Henckel, Jr., With Travelers

Edward V. Henckel, Jr., has resigned from the Ohio Inspection Bureau to enter the engineering department of the Travelers Fire at Hartford. Mr. Henckel joined the Cleveland office of the Ohio bureau in 1929 after leaving Western Reserve University. He is the son of E. V. Henckel, who has been assistant to the superintendent of the Cleveland bureau for many years.

North British & Mercantile to Develop Inland Marine

CHANGES IN SUPERVISION

J. P. Hollerith to Handle Metropolitan New York and Shotwell to Have Outside Territory

NEW YORK, Jan. 2.—To develop inland marine and specialty lines the North British & Mercantile has made several important changes in supervision. Secretary J. P. Hollerith will concentrate on the development of these lines in metropolitan New York and Secretary S. T. Shotwell will handle the outside territory. W. E. Rhyhan has been named general agent for inland marine and special lines to assist Mr. Shotwell. E. J. Meiners continues as general agent under Mr. Shotwell in the automobile department.

Mr. Hollerith has one of the keenest technical minds in executive circles and has long specialized in inland marine coverages. Prior to joining the North British in 1921, he was with the Continental, previously having been associated with the western department of the

Hartford Fire. Mr. Shotwell has been head of the automobile division of the North British since Feb. 1, 1934, entering its service after a number of years with the New York Underwriters. Under the new arrangement he will continue to manage the automobile business in addition to developing its inland marine and associated lines.

Mr. Rhyhan has had both office and field experience. He traveled the New England territory for the company for several years, evidencing a strong predilection for inland marine lines. He was called to the headquarters here some years ago.

Verdict on Atlantique Loss

A verdict of \$11,220,900 against 72 insurers of the liner Atlantique, which burned in January, 1933, was awarded by the Paris, France, appeals court. The insurers are chiefly English, several New York companies carrying \$1,320,000 of the loss. The ship was greatly underinsured and the French government as owner stands to lose \$11,880,000 and forfeiture of the hulk for salvage.

Well Known Agent Dies

George W. Price, 51, secretary of Thain-Dusseau-Price-Farley, Cleveland, and for many years with Davis & Farley died there.

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Problem of the Unlicensed Operator

INDICATIONS are that the problem of the unlicensed company is to be tackled in earnest in 1935. This is an issue of long standing in the insurance business. It has inspired debate and resolutions but very little action.

The problem of the unlicensed operator became acute during the depression. Fly-by-night operators saw an opportunity. They laid in a supply of postage stamps, mailing lists and "policies." Then they proceeded to sell "poor man's insurance." The pickings were good. Like the old medicine show man, whose swamp root bitters were always a dollar a bottle, most of these concerns charged a dollar a month for their "insurance." Young and old, mainly old, healthy and sick, mainly sick, began sending in their dollars. A pittance went to claimants and a large share to the operators. It made no difference that experience would catch up with the concern in a couple of years. There are plenty of good names left and the operators can easily abandon the hulk of one concern and have a new batch of policies printed up to be issued by an outfit with another benevolent sounding name. The operators, if necessary, or desirable, may themselves be rechristened.

There is no argument about the viciousness of these operators and there is no doubt that their depredations have increased greatly during the last three or four years.

The difficult problem is how to reach concerns of this sort without causing undue difficulties for legitimate and responsible insurers.

A few situations may be pointed out. The company may be licensed in all the states in which it does an active business. Yet it may have an assured with property or operations of a minor nature in some state in which the insurer is not licensed. The insurer does not desire to carry on an active business in that state. Perhaps the state has burdensome entrance requirements. Under uniform state legislation, endorsed by the National Convention of Insurance Commissioners, the charter of this company in its home state would be liable to revocation and its licenses in all other states in which it is admitted subject to

cancellation, if it assumed the risk of this assured in a state in which it is not licensed.

The commissioners also advocate legislation under which use of the mails would be barred to a company unless it designates an agent for service of process in all of the states in which it operates. Suppose the company in question designated such an agent in the state in which it desired to write the single risk. The question has been raised whether that would not really legitimize the operations of the company in that state and thus constitute an alternative procedure to going through the regular licensing procedure of the state.

A life insurance company may withdraw from a state in which it has been operating. Yet it has continuing contracts in that state. It must collect premiums, make policy loans, settle claims, and in other ways service the contracts in that state. An agent for service of process might be designated in that state, so as not to become involved with the postal authorities. Yet would that company be affected by the proposed state laws, whereunder its license would be canceled in a state if it operated in any other on an unlicensed basis?

Reinsurance companies would probably be affected. Many of the reinsurers undertake to become licensed only in those states in which the laws provide that credit cannot be taken by the ceding company in its reserves for reinsurance ceded to a company unlicensed in that state.

Of course, many of these situations could be avoided if all companies were licensed and stayed licensed in the states in which they have any dealings whatsoever. That might cause inconvenience and be unnecessarily burdensome in some cases, but perhaps it would be worth while to provide such a condition as a means of reaching the irresponsible operator, who is avoiding every requirement that he can, so as to be outside the law.

Undoubtedly the postal authorities and the department of justice could reach many of these operators under the present laws. Operators of a number of

concerns on the PACIFIC COAST are now being prosecuted. Many of these irresponsible people are not merely unsound, they are fraudulent. If the federal authorities could be induced to spend some time and money tracking down these operators, the number undoubtedly could be reduced very materially.

Then there is the big question of LONDON LLOYDS. That is not entirely black and white. The facilities of LLOYDS are needed by companies in this country for reinsurance of top limits. They are not needed generally for direct business, although they do offer facilities occasionally not obtainable elsewhere. In many states, it is doubtful if LONDON LLOYDS could be legally licensed and most of their competitors would fear to have them licensed. It might result in LLOYDS branching out in the direct writing field, from the banker's blanket bond line to public official bonds or to automobile and other forms of casualty insurance and possibly even fire insurance. Suppose LLOYDS could not be licensed in a state. Could they, as individual underwriters, designate an agent for service of process in a state and if they could what would it mean?

Then there is the fear that should LLOYDS, as such, be prevented from do-

ing business in this country, through federal legislation, that they would form an insurance company of their own and do a general business or else use this company merely as an agency and reinsure the liability 100 percent. There are many angles to the LLOYDS issue.

Another consideration is whether designation of an agent for service of process in a state by an irresponsible, assessment life concern would provide much relief for the public. The theory is that a policyholder patronizing such a concern is at a disadvantage, because he might have to go a thousand miles to start a suit against the company. But for the most part these claims are small. It might prove too expensive for a claimant to bring suit even in his own state.

There are many considerations involved. The incidental consequences of legislation should be considered and weighed. There are many in the business who will approach the question from a disinterested standpoint. Others will be prompted by selfish motives and there will be others who will have valid suggestions, because they would be struck by shafts not intended for them. The problem, we believe, should not prove insoluble, but it does require much study.

PERSONAL SIDE OF BUSINESS

Paul R. Spahr, Denver local agent, has just celebrated the 30th anniversary of his entrance into the insurance business there. He has for many years been active in association work.

A. A. Benesch of Cleveland, newly-appointed state director of commerce of Ohio, has been under treatment for anemia in a Cleveland hospital. A blood transfusion was necessary.

W. H. Wearn, Jr., Charlotte, N. C., manager of the Travelers Fire for the Carolinas, died following a brief illness.

P. M. Overbeck, who founded the Overbeck agency at Sturgeon Bay, Wis., in 1921, dropped dead from a heart attack. He was 44 years old.

Clifford Conly, Pacific Coast manager of the Great American and Phoenix of Hartford groups was presented a gold deputy state fire marshal's badge by a delegation of prominent fire prevention and fire protection engineers of California and San Francisco.

F. N. Belgrano, Jr., national commander of the American Legion and president of the Pacific National Fire, has been made an honorary member of Troop 404 of the Boy Scouts, sponsored by Insurance Post 404 of the American Legion in San Francisco, of which Mr. Belgrano is a member.

I. M. Fisher of Los Angeles, southern California manager of the Pearl Assurance group, is seriously ill at the California Hospital there.

Lee Herdman, retiring insurance director of Nebraska, will relocate in Omaha, where for a number of years he was engaged in the practice of law. Before settling down to practice, however, he will visit relatives in Texas and seek full restoration of his health.

The officers and employees of the western department of the American of Newark, together with their families and friends, held their annual Christmas party in their office building at Rockford, Ill.

Gifts of a humorous nature had been provided for each employee. The sur-

prise feature was a recording disc Christmas greeting from President C. Weston Bailey. A Christmas reading, also community singing, followed by brief remarks by Manager Robe Bird and Assistant Manager Fred D. Hess, concluded the program.

E. S. Knapp, underwriter for the Snyder Brothers general agency, Louisville, and a former Kentucky state agent, is recovering from a broken arm sustained when a boy knocked him down with a sled as he stepped from his apartment entrance on a snowy morning.

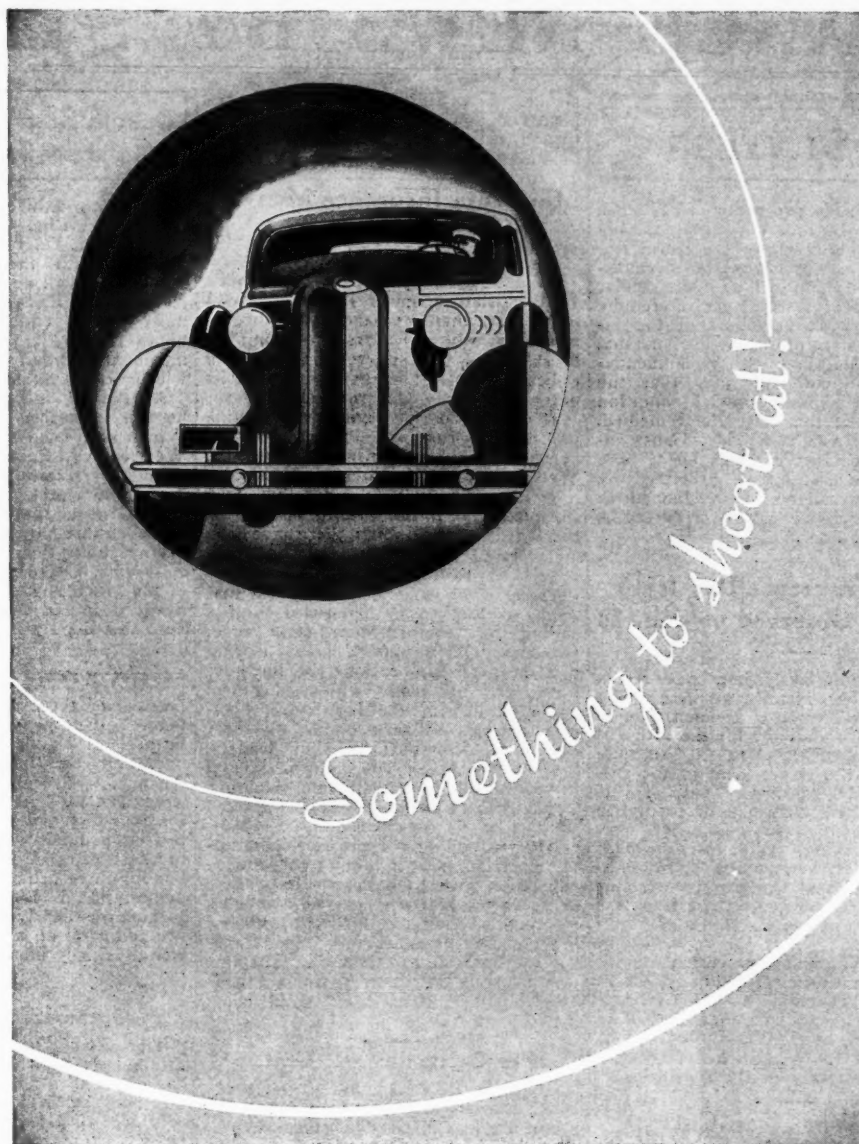
Wirt Wilson, Minneapolis local agent, is on a vacation in Mexico. He sailed from New York to Vera Cruz. He plans to return about Feb. 1.

Announcement is made this week of the engagement of T. W. Earls of Cincinnati and Miss Blanche O'Donovan of Chicago. Mr. Earls is connected with the Earls-Blain agency of Cincinnati and is a son of W. A. Earls.

A number of officials from the head office of the Firemen's group in Newark attended the funeral of James Smith, secretary of the company in the western department, the services being held at Oak Park, Ill. Those on hand included W. B. Rearden, executive vice-president, who attended the services on his way from the Pacific Coast to take his new position at the head office; John Kay, retired vice-president of the group; J. Schofield Rowe, vice-chairman of the casualty companies; Frank Franzen, vice-president of the casualty companies, and W. J. Christianson, assistant secretary.

R. E. Brandenburg, secretary of the Concordia at Milwaukee, also attended the funeral. There was a large turn out from the western department and field men from Wisconsin, Indiana and Illinois were on hand.

B. M. Welch, 60, for many years Wisconsin state agent of the Phoenix of London and more recently secretary of Auer, Inc., Milwaukee agency, died at a Milwaukee sanatorium, after a lengthy illness. He was one of the early members of the Blue Goose.



Sales Aids

*S*omething to Shoot At!"—and something to shoot with! Paradise to the hunter—profits to the insurance agent.

Additional Automobile premiums are certainly "something to shoot at." The sales material, listed above, which Royal-Liverpool Companies furnish their agents to help them sell the new Comprehensive Automobile coverage (approved in most states) is premium-producing ammunition.

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Detroit Bank Issue Settled

Receiver for First National Agrees to Revision of Handling Insurance on Property He Controls

DETROIT, Jan. 2.—Negotiations between the officers and directors of the Detroit Association of Insurance Agents and B. C. Schram, receiver for the defunct First National Bank-Detroit and his associates, conducted for the past four months with a view to a revision of the bank's policy of handling the fire insurance on properties owned or controlled by the bank, have resulted in a satisfactory adjustment.

Mr. Schram displayed an interest in and sympathy for the views of the agents that is in marked contrast to the attitude of his predecessor as federal conservator of what was Detroit's largest bank. When he was conservator for the Guardian Detroit National group, Mr. Schram was always courteous and fair in his dealings with the insurance fraternity, while the then conservator for the First National took an entirely different position.

Some 65 local agents owed money to the First National on notes and obligations of various kinds when the institution closed. The policy adopted by the first conservator was to place the insurance on the bank buildings throughout the city, together with that on some 5,000 buildings owned or controlled by the institution, not merely with the 65 debtor agencies but only with those of them that were financially embarrassed, the basis being the application of 50 percent of the premiums against the agents' obligations to the bank. This arbitrary ruling forced the agents to apply not only the whole commission but a sum in addition against their obligations during a period when they were hard pressed to meet their agency balances to their companies.

Plan for Upper Peninsula Regional Meet Next Summer

At the annual meeting of the Ironwood (Mich.) Association of Insurance Agents Jan. 7, aside from the election of officers and discussion of local problems, preliminary plans for the regional meeting of the Michigan Association of Insurance Agents, to be held in the upper peninsula in July, will be arranged. J. P. Old, Sault Ste. Marie, member of the governing committee for the upper peninsula, and other northern committeemen have suggested that the convention be held at Blaney Park, a summer resort 30 miles out of Manistique, with the Manistique Board as host.

Adjust Kerns Hotel Losses; Safety Provisions Sought

LANSING, MICH., Jan. 2.—Adjusters for some two-score mutuals which had the fire coverage on the ill-fated Kerns hotel have completed their work. The carriers are to pay \$156,000 loss on the building and \$35,294 on the contents. W. G. Kerns, proprietor, and his wife, had a personal property policy of \$5,000 on a loss estimated at \$15,000. Several other tenants had insurance coverage with various carriers, mainly stock companies. It is believed that some permanent guests had personal property coverage but they have not been reported as yet.

First steps toward a thorough rewriting of Michigan laws relating to fire

prevention and protection in hotels, apartments, and rooming houses are being taken as a result of the Kerns hotel disaster. Suggestions for strengthening the statutes to prevent similar tragedies in the future were offered by Commissioner C. E. Gauss of the insurance department, state fire marshal ex officio, coincident with recommendations of the coroner's jury that the "woeful and almost criminal condition of the laws of this state" be remedied.

Provisions sought by Mr. Gauss include that all future hotels be of "fire resistive construction or protected by automatic sprinklers if exceeding three stories in height or with over 50 rooms on the third floor."

Indiana Insurance Day Is to Be Observed on Jan. 29

INDIANAPOLIS, Jan. 2.—At a meeting of the general committee of the Insurance Federation of Indiana, Jan. 29 was selected tentatively for the 11th Indiana Insurance Day. R. C. Griswold, Aetna Casualty, is president of the federation and H. A. Luckey, Life of Virginia, is general chairman of Insurance Day. Chairmen of sub-committees are: Speakers, Irving Williams, "Rough Notes," and Parke A. Cooling, Cooling-Grumme-Mumford Company; entertainment, J. T. Traylor, Northwestern National Life; finance, C. O. Bray, Hartford Fire, and J. E. Messick, U. S. Fidelity & Guaranty; reception, James Curtis, Ohio Casualty; publicity, C. F. Maetschke, Prudential, and R. G. Hastings, president Indiana Association of Insurance Agents, Washington, Ind.; registration, J. W. Stickney, J. G. Woods is secretary of the federation.

Insurers Win Clean-Cut Victory in Indiana Case

A clean-cut victory was won by seven insurance companies in federal court at South Bend, Ind., in connection with the Leader Manufacturing Company loss in Laporte, Ind., Feb. 17, 1933. The case was handled by the South Bend branch of the Western Adjustment under the general supervision of Harold Greenberg, general adjuster of the Western Adjustment.

The Leader Company, which was engaged in the reproduction of oil paintings, framing pictures and upholstering furniture, sought to collect \$40,000 from several companies, they being the Commercial Union, Detroit F. & M., Fidelity & Guaranty, Fireman's Fund, Hartford, Law Union & Rock, North British & Mercantile, Standard of Connecticut, Employers and Franklin Fire. The total insurance was \$53,000.

The companies based their defense on the ground of incendiarism, false swearing in examination, fraudulent claims of loss and fraudulent proofs of loss. The verdict relieves the companies of all liability in connection with the fire.

The companies enumerated large numbers of claims in reference to the values of the property of the Leader Company and charged misrepresentation as to sales, purchases, merchandise returns, overstating the value of labor, concealed evidence and deceit in other matters.

Matteson Temporary Secretary

ST. PAUL, Jan. 2.—H. S. Matteson of the Matteson agency is acting temporarily as secretary of the Insurance Exchange of St. Paul in the absence of W. S. Gilliam, who recently suffered a

stroke. Mr. Gilliam's condition is reported somewhat improved but his return to active duty as secretary will be delayed for many weeks.

Minnesota Insurance Men Shape Legislative Plans

ST. PAUL, Jan. 2.—Minnesota's 1935 legislature opens Jan. 8 and will be of more than ordinary importance to insurance, whose leaders are lining up to safeguard their interests against the radical proposals of the Farmer-Labor party headed by Governor Olson.

A meeting of the legislative committee of the Insurance Federation has been called by Chairman George W. Wells, former Minnesota commissioner, now connected with the Northwestern National Life, to precede the opening of the legislature. Although there have been all sorts of threats, promises and proposals as to insurance legislation by Farmer-Labor leaders, the only bill that seems certain to be presented is that calling for compensation state fund. Governor Olson himself is sponsoring this measure. Indications are the governor and his party will not control either branch of the legislature, however. H. Y. Williams, one of the most radical of the Farmer-Labor leaders, has announced he will present several insurance bills but Williams is not a legislator and lacks the whole-hearted support of his own party.

The federation's legislative committee is giving more attention to taxation legislation than to insurance bills. Two years ago a law was passed providing for a fire insurance surtax to bolster fire department relief funds in Minneapolis, St. Paul and Duluth. The law was to hold only two years and it is possible this matter may again come up.

Per Capita Loss 42 Cents

GRAND RAPIDS, Jan. 2.—Deputy Fire Marshal Higgins reports the year's fire loss in Grand Rapids \$71,673. This is a per capita loss of 42 cents and is probably the national low for the class. The five year average is one dollar, which is the national record by a wide margin.

Agency Licenses Cancelled

LANSING, MICH., Jan. 2.—The Michigan department revoked the

Dakota Blue Goose Holds Jubilee Meeting Jan. 10

The 25th anniversary celebration of the Dakota Blue Goose, to be held in Aberdeen, S. D., Jan. 10, will be in conjunction with the regular midwinter splash, and will be known as the "Jubilee Splash." R. L. Slater of Sioux Falls, most loyal gander of Dakota pond, hopes to have as many of the charter members as possible present. Sessions will be in the Alonzo Ward hotel.

An outstanding program feature will be the historical sketch which C. S. Whittlesey, head of the Fargo branch Western Adjustment, is to give of charter members and early days of the pond. The Dakota pond charter was signed at New Orleans Jan. 11, 1910, C. A. Pescay, then most loyal gander of the grand nest, residing there at that time. C. H. Silkworth, Detroit, Mich., was wiclder of the grand nest at that time, and J. F. Stafford, retired western manager of the Sun, was deputy most loyal grand gander.

licenses of three agencies after hearing before the licensing division. The licenses of Frank E. Murphy, Detroit, operating as the Murphy Insurance Agency, were canceled on showing of irregularities. The agency was licensed for four fire and five casualty carriers. Similar grounds were given for canceling licenses of C. W. Kelsey of Ann Arbor for three fire and two casualty companies. Saul Birnkrant, Pontiac attorney, was deprived of a license for one fire company on a showing that he was writing chiefly his own business.

Opens Life Department

The Reitan-Lerdahl Co., prominent fire and casualty agency, Madison, Wis., has established a life department, which will be general agent in southern Wisconsin of the Mutual Trust Life of Chicago. The new department will be headed by K. W. Grafton, who has been with the agency for five years, specializing in accident and health insurance. He was one of the qualifiers in the "Hoodoo Day" contest conducted last July by the Accident and Health Review, writing 13 accident and health applications on Friday, the 13th. Previously he was in life insurance work.

IN THE SOUTHERN STATES

Orders License Cancellation

Commissioner Boney of North Carolina Takes Action Against General of Seattle, Citing Violations

Commissioner Boney of North Carolina has canceled the license of the General of Seattle effective Dec. 28.

The action was taken following a hearing the day previous at which the company waived its appearance.

Mr. Boney informed the General of Seattle at the hearing it was developed that the General on Oct. 16, 1934, issued to an assured three fire insurance policies totaling \$375,000 at a rate of 32 cents. This insurance, according to Mr. Boney, took the place of a like amount of insurance then in force at the manual rate of 49 cents and 53 cents, representing a deviation of some 40 percent. This transaction, Mr. Boney stated, involved several violations.

In the first place, there was a violation of section 6429 requiring the insurance company to place business through a licensed resident agent. The agent placing the business in question was not li-

censed for the General of Seattle in North Carolina, Mr. Boney charged. Secondly, it violated section 6391, the anti-discriminatory law of the state in that the General filed rates in compliance with section 6390 indicating they would uniformly develop a 20 percent deviation from S.E.U.A. manual, while the policies issued were written at approximately 40 percent below manual. The transaction, Mr. Boney charged, also violates 6391 again in that the assured was required to cancel all unexpired policies at a short rate premium and place the entire line with the General in order to place the policy and obtain the rate offered.

Alleges Loss to Assured

"This transaction," Mr. Boney said, "in addition to representing the separate violations of our laws, has caused the assured a financial loss in that upon being cited by this department your company immediately canceled these policies, thereby causing the assured to rewrite the business at the correct manual rate after having suffered the loss of short rate cancellation."

"This department cannot countenance any such action on the part of your com-

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY
ORGANIZED 1855 80 YEARS IN BUSINESS

Surplus to Policyholders, Dec. 31, 1933, \$15,719,163.78

(Securities at Market Value)

Organized 1853

**THE GIRARD
FIRE & MARINE INSURANCE CO.**
Surplus to Policyholders Dec. 31, 1933

\$2,380,826.52

Securities at Market Value
82 YEARS IN BUSINESS

Organized 1854

**THE MECHANICS
INSURANCE COMPANY OF
PHILADELPHIA**
Surplus to Policyholders Dec. 31, 1933

\$2,181,651.19

Securities at Market Value
81 YEARS IN BUSINESS

Organized 1866

**NATIONAL-BEN FRANKLIN
FIRE INSURANCE CO. OF
PITTSBURGH, PA.**
Surplus to Policyholders Dec. 31, 1933

\$2,254,726.35

Securities at Market Value
69 YEARS IN BUSINESS

Organized 1874

**THE METROPOLITAN
CASUALTY INSURANCE CO.
OF NEW YORK**
Surplus to Policyholders Dec. 31, 1933

\$2,216,188.12

Bonds Amortized—Stocks Market Value
61 YEARS IN BUSINESS

AVERAGE AGE

LOYALTY GROUP COMPANIES

OVER 66 YEARS

GROUP LOSSES PAID

OVER

FOUR HUNDRED MILLION

\$413,592,692.72

A LOSS PAYING RECORD

PROVING SECURITY
AND STABILITY

OUR BUSINESS ASSETS

MERIT CONFIDENCE

THESE ARE

AGE - EXPERIENCE - GOOD FAITH

SUCCESS - PERFORMANCE

SOUND INSURANCE PRINCIPLES

Organized 1852

**MILWAUKEE MECHANICS'
INSURANCE COMPANY**
Surplus to Policyholders Dec. 31, 1933

\$5,021,440.67

Securities at Market Value
83 YEARS IN BUSINESS

Organized 1871

**SUPERIOR
FIRE INSURANCE COMPANY**
Surplus to Policyholders Dec. 31, 1933

\$1,780,616.49

Securities at Market Value
64 YEARS IN BUSINESS

Organized 1870

**THE CONCORDIA
FIRE INSURANCE COMPANY
OF MILWAUKEE**
Surplus to Policyholders Dec. 31, 1933

\$2,411,805.55

Securities at Market Value
65 YEARS IN BUSINESS

Organized 1909

**COMMERCIAL
CASUALTY INSURANCE CO.**
Surplus to Policyholders Dec. 31, 1933

\$2,015,905.60

Bonds Amortized—Stocks Market Value
26 YEARS IN BUSINESS

**WESTERN DEPARTMENT
844 Rush Street
Chicago, Illinois**

**CANADIAN DEPARTMENT
461 Bay Street
Toronto, Canada**

**EASTERN DEPARTMENT
10 Park Place**

NEWARK, NEW JERSEY

**PACIFIC DEPARTMENT
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LOYAL TO PRINCIPAL—TO LOYAL AGENTS, LOYAL



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COMPANY**
Pittsburgh, Pa.

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—Theodore Roosevelt.

**A
Good
Agency
Company**

pany and from these facts that were not disputed at the hearing, I am convinced that it is for the best interests of the state that your company retire and I am therefore canceling the privilege license of the General Insurance Company of America for the remainder of the unexpired term and you will please be governed accordingly."

J. H. White to Home Office

Becomes National Union Agency Superintendent—Succeeded in Field by Leonard—Hurt & Quin Change

J. Hunter White has been appointed agency superintendent of the southern department of the National Union and goes to the home office in Pittsburgh from Atlanta, where he has been serving as state agent of Alabama and Georgia for the past 15 months. Previous to becoming associated with the National Union he was state agent of the Globe & Rutgers in Virginia for several years, and his earlier experience was gained as field man for the Queen, covering Georgia and Florida at various times.

Formerly with Hurt & Quin

George B. Leonard joins the National Union as state agent for Georgia and Alabama, succeeding Mr. White, and maintaining headquarters in the Trust Company of Georgia building, Atlanta. Mr. Leonard severed his connection as vice-president of Hurt & Quin, general agents at Atlanta, with whom he has been connected for nine years, first as agency superintendent and subsequently as vice-president.

His early experience was acquired in the well-known office of W. D. Griffith at Macon, Ga. Following the war, he reentered the business as special agent for the National Liberty in South Carolina, Georgia and Florida, remaining

until 1922 when he became state agent for the Firemen's group for the same territory. In 1926 he joined Hurt & Quin.

WICKER SUCCEEDS LEONARD

D. Lee Wicker, who has been connected with Hurt & Quin for several years as special agent at various times in all states under the jurisdiction of the office except South Carolina, succeeds Mr. Leonard in that general agency. The officers of Hurt & Quin now consist of Langdon C. Quin, president; R. S. Quin, vice-president and secretary; Parks Hunt, vice-president and manager casualty department; Mr. Wicker, secretary and agency superintendent, and C. C. Clark, Jr., assistant secretary.

Mr. Leonard continues as a director of Hurt & Quin.

Reciprocal Attacks Law

RICHMOND, Jan. 2.—Rates and rules laid down in the Virginia manual are not applicable to reciprocals, counsel for Lansing B. Warner, Inc., attorney-in-fact for Warner Reciprocal Insurers, Chicago, contended at a hearing before the corporation commission. Constitutionality of the law stipulating that rates and rules promulgated by the Virginia bureau shall be applicable to that class of insurers was assailed. The reciprocal had been cited to show cause why it should not be fined for failure to file rates in accordance with the law. The case went over to Feb. 4.

Must File Returns

RICHMOND, Jan. 2.—All types of fire companies doing business in Virginia have been notified by the corporation commission that the 1 percent firemen's relief tax passed at the session of the general assembly early in 1934 requires them to make a report of gross premiums in 1934.

EASTERN STATES ACTIVITIES

Paddon in Line for President

New England Insurance Exchange to Hold Its Annual Meeting in Boston Jan. 11

BOSTON, Jan. 2.—A. M. Paddon, who in 1902 joined the staff of the Underwriters Laboratories in Chicago as special agent in charge of factory inspections and three years later opened an office in Schenectady, N. Y., for the Laboratories, now general agent of the National Fire in Boston, was placed in line for the presidency of the New England Insurance Exchange next year by the report of the nominating committee. The annual meeting and dinner of the exchange will be held here Jan. 11, without speeches. Ralph G. Hinkley, New England manager of the American, continues in office another year as president.

New members of the executive committee for two years were nominated as follows: Carl E. Hurst, state agent Connecticut Fire; J. M. Van Buren, special agent of the America Fore, Hartford, president also of the Connecticut Field Club, and C. H. Gordon, special agent North America, Manchester, N. H.

Rating Expert to Speak

NEWARK, Jan. 2.—John E. T. McClellan, superintendent of the rating and inspection department of the Schedule Rating Office of New Jersey, will speak on "Exposure Table" at the luncheon meeting of the Essex County Board here Jan. 22.

Pennsylvania "War" Settled

PHILADELPHIA, Jan. 2.—All of the Philadelphia agencies affected by the retaliatory war on the New Jersey resident agents law, including some of

the oldest and largest in the city, have now been licensed by the Pennsylvania department.

All of the affected offices have come within the law, the department said. Some of the agents changed their legal residences to Pennsylvania. Other agencies reorganized, with affected partners resigning and becoming employees.

Fairfield Is Renominated

BOSTON, Jan. 2.—The nominating committee of the Boston Board has renominated H. G. Fairfield for his third term as president. The election will take place Jan. 8. J. J. Cornish was named for vice president; James Davis for secretary-treasurer; William H. Winkley for manager and Isaac Osgood for assistant manager. The executive committee will consist of H. W. Gilman, (holdover) and W. C. Hill, R. A. Sullivan, A. J. Anderson and Gerald Henderson. On the advisory committee for three years will be the Holyoke Mutual Fire, Pacific Fire and Mr. Fairfield.

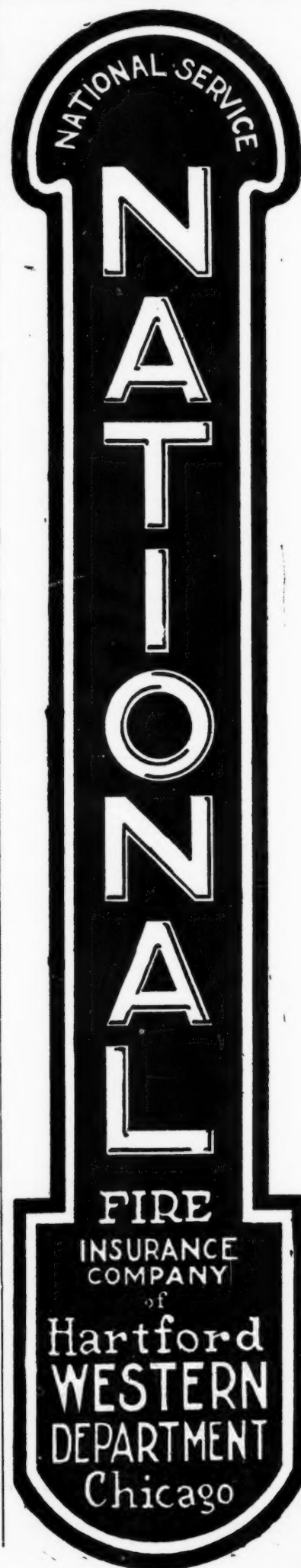
Gannett Rochester Speaker

The Underwriters Board of Rochester, N. Y., and the Life Underwriters Association joined to hear an address by Frank E. Gannett, Rochester publisher, who has just returned from a European tour. He discussed the relation of Europe of today to current world problems.

Nichols Heads Stamford Board

H. S. Nichols has been elected president of the Stamford (Conn.) Insurance Board. Richard Fitch is vice-president; W. M. Raymond, treasurer, and Richard Fitch, Jr., secretary.

The West Insurance Agency, East Liverpool, O., has been sold to the Lee C. Cooper agency.



INSURANCE ATTORNEYS

• The insurance law firms whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

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Gabriel, Mills & Mills

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Denver, Colorado

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WILLIAM PRICKETT

612 Delaware Trust Building
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Frederic M. Miller J. Earle Miller

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518 Wheeler-Kelley-Haggy Building
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Insurance Attorneys

615-24 Inter-Southern Bldg.
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Clater W. Smith
1917 Baltimore Trust Building
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Detroit, Michigan

Payne & Payne

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(1883-1924) Gillis A. Johnson
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Frank Hunter W. E. Evenson
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Statement June 30, 1934

CAPITAL	\$1,500,000.00
PREMIUM RESERVE	1,305,437.37
OTHER LIABILITIES	174,206.98
CONTINGENCY RESERVE	164,681.98
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PACIFIC COAST AND MOUNTAIN**F. U. A. P. Will Meet Feb. 5-6****C. L. Barsotti, Fire Association, Slated
to Become President at Session
in San Francisco**

SAN FRANCISCO, Jan. 2.—The annual meeting of the Fire Underwriters of the Pacific will be held here Feb. 5-6. Although no announcement has been made regarding officers for the ensuing year, it has been the practice of the organization in past years to advance officers one post, leaving a vacancy in one vice-presidency for a new official. Charles L. Barsotti, assistant manager of the Fire Association group in San Francisco, who has served the F. U. A. P. as vice-president the past year, is expected to be elected president, succeeding Clarence E. Allan, Pacific Coast manager of the Northern Assurance. H. B. Mariner, secretary of the group for the past four years, is expected to be reelected to that office.

**New Mexico Agents Fight
for Separate Department**

SANTA FE, N. M., Jan. 2.—The New Mexico Association of Insurance Agents definitely plans to sponsor a bill in the legislature to divorce the insurance department from the corporation commission, according to Howell Earnest, secretary-treasurer of the group.

Colorado Executive Committee

DENVER, Jan. 2.—W. J. Sproul, new president of the Colorado Association of Insurance Agents, has appointed the following executive committee: H. N. Shellenberger of Colorado Springs, Paul Spahr of Denver, E. G. Middlekamp of Pueblo and A. P. Miller of Denver.

Labow King County Head

SEATTLE, Jan. 2.—Louis Labow has been elected president of the King County Insurance Agents Association; K. J. Morford, vice-president; B. B. Hellen, reelected secretary-treasurer; Robinson Jenner, W. C. Meek and Roy W. Scott, trustees.

Settle Cheyenne Explosion Loss

CHEYENNE, WYO., Jan. 2.—Last of the losses on the explosion which early last year wrecked a portion of the city's business district are now being settled on a compromise basis. The settlements take into consideration primarily smoke and fire damage. The compromise settlements bring to an end a fight of many months in which the assureds tried to claim explosion damage under fire policies. The companies, of course, denied unreasonable claims in this direction.

Tacoma-Seattle Ponds Meet

TACOMA, WASH., Jan. 2.—"Jack" Roddy of the Fire Companies Adjustment Company provided an excellent program for the joint meeting of the Tacoma-Seattle Blue Goose. Past Most Loyal Grand Gander D. A. McKinley gave a splendid address on principles of Blue Goosedom and their relation to the Christmas spirit, asking members to strive to uphold the organization motto through the coming year. John Bunting, special agent Crum & Forster, and Special Agent Harold Rowley of the Armstrong General Agency, both of Seattle, were initiated. Most Loyal Gander P. J. Huff of the Seattle pond was toastmaster.

General Agencies Entertain

DENVER, Jan. 2.—Two leading general agencies entertained their local

agents and other members of the insurance fraternity at annual parties in the closing days of the year. The Mountain States Agency held open house for about 60 and the Cobb & Stebbins general agency held a similar dinner meeting with about 40 in attendance. Talks were given by leading local agents and others.

Take Automobile for Marine

SAN FRANCISCO, Jan. 2.—Matthews & Livingston, prominent San Francisco marine insurance firm, has been appointed general agent of the Automobile of Hartford in Pacific Coast territory for commercial hulls, dry docks and builders' risks and will move to larger quarters at 200 Bush street.

Matthews & Livingston have managed the business of the marine departments of the Maritime, Fidelity-Phenix and Queen, with offices at 340 California street.

Cut Salt Lake Municipal Rate

SALT LAKE CITY, Jan. 2.—Rate reduction on Salt Lake City's municipal property from \$1.10 to a possible 80 cents per \$100 is recommended by J. H. Rea, engineer of the Pacific Board, in a report prepared at the request of Mayor Marcus. The new schedule suggested will provide 100 per cent insurance to value with an average rate of 86 cents, but, by complying with certain recommendations suggested by the engineer, the premium may be reduced to 80 cents.

The report contemplates a blanket policy of \$1,600,000 on city buildings and contents, and the premium, unless the recommendations referred to are followed, would be \$13,760.



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THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

The National Underwriter

January 3, 1935

CASUALTY AND SURETY SECTION

Page Twenty-three

Sharp Increase in 1934 Auto Deaths

Travelers Reports One Person Killed Every 15 Minutes of Year

HIGH MARK IS REACHED

All Sections of Country Experience Increase—Trend Toward More Serious Accidents Seen

HARTFORD, Jan. 2.—A person was killed every 15 minutes and some one was injured every 31 seconds on the average in automobile accidents during 1934, making a total of at least 36,000 deaths and around a million injured in 900,000 personal-injury accidents, it is disclosed by year-end statistics compiled by the Travelers.

While there was a 16 percent increase in deaths there has been a decrease in the frequency of accidents as well as in the number of persons injured non-fatally per death. The decrease in accidents per death has been 3 percent, and in the number of persons injured non-fatally per death, 8 percent. This experience emphasizes a trend in more serious accidents that has been evidenced for a number of years.

The year's fatality toll from automobile accidents brings the ten-year street and highway death record up to more than 290,000. It is estimated that nearly 8,000,000 persons were injured non-fatally during the same ten-year period.

Mark High Point

Deaths and injuries in 1934, however, mark the high point in destruction on streets and highways. A continuation of the adverse trend through 1935 would mean a casualty toll of more than 40,000.

No geographical division of the country escaped an increase in fatalities, although in the middle Atlantic states, comprising New York, New Jersey and Pennsylvania, the gain has been less than 1 percent.

In the New England states of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut the indicated increase in fatalities from automobile accidents amounted to almost 12 percent, with more than 2,000 deaths. New Hampshire and Connecticut, contrary to the records of the other New England states and the country as a whole, have reported fewer deaths in 1934 than in 1933.

While approximately 6,500 persons were killed in the middle Atlantic states, for a slight percentage increase over 1933, New York and New Jersey reported fewer deaths.

In the east north central states nearly 8,500 persons met death for an increase of 16.4 percent. All the states in the group, including Ohio, Indiana, Illinois,

(CONTINUED ON LAST PAGE)

Casualty Legislation Sought In New York State

ALBANY, N. Y., Jan. 2.—A review of the casualty and surety field and legislative recommendations were included in Superintendent G. S. Van Schaick's report to the New York legislature.

During the first nine months of 1934, New York casualty and surety companies wrote \$180,971,659 in premiums, compared to \$173,600,223 in the same period of 1933. Casualty and surety companies are still affected by general economic conditions and executives are exercising safe and sound underwriting practices and stressing the desirability of good risks rather than premium volume. Investments are being carefully scrutinized by executives and efforts have been and are being exerted to reduce expenses wherever possible, said Mr. Van Schaick. No new casualty and surety companies were organized in New York in 1934 and four were placed in the hands of the department for liquidation, one of which was reinsured in 1933, others having been placed in rehabilitation.

Mutuals Reported Sound

The New York mutual casualty companies are in sound condition, according to Superintendent Van Schaick. Five of these companies are writing taxicab and public vehicles.

Mr. Van Schaick commented upon the failure of a number of mutual companies writing taxicab and public vehicle insurance since 1922. The lessons which the failures have taught have been illuminating, he said. There is now evidence of better underwriting and improved loss experience and more economical management. It is practically impossible to collect assessments which are levied against policyholders by liquidators in event of failure of mutual companies writing this class of business. This is due to the fact that most of the assured are judgment proof. An initial measure of protection would be afforded if organization requirements for new companies in this field were made more stringent, said the superintendent. He suggests a \$250,000 paid-in surplus requirement for mutual automobile casualty companies before organization.

Wants Two Sureties

Superintendent Van Schaick reiterated the recommendation made in his last two reports that workmen's compensation companies be required to give bonds of two authorized sureties which shall be jointly and severally liable in event of insolvency or failure of the principal to pay compensation awards. Although the New York courts have construed the present statute requiring that claimants for compensation in New York be preferred over other creditors, including compensation claimants from other states, the constitutionality is yet to be upheld. Many questions are involved in this decision and if the statute is held to be invalid a possible alternative remedy would be to move the preference for compensation claimants from the compensation law, where it

affects merely New York claimants, to the liquidation provisions of the insurance law where it would apply to all compensation claims wherever they arise.

The development of arbitration of casualty claims is commended by Superintendent Van Schaick. The quick disposal of cases releases reserves which would otherwise have to be maintained and also eliminates the expense and inconvenience of keeping records and witnesses ready for trial. Mr. Van Schaick said the good results secured so far in the casualty field should be extended to other fields.

"The cost of litigation in time and money to both sides of insurance controversies is unduly large," Mr. Van Schaick said. "New methods which will reduce costs and make for promptitude of decision will benefit both sides. Especially is this important in the case of small claimants where the amount involved is out of all proportion to the cost of enforcement by court trials. Through its complaint bureau this department often acts as mediator to bring adjustments where no legal dispute should arise. Arbitration is calculated to settle legal disputes speedily and simply. The superintendent is having this question explored in order to see if there is not an opportunity here for great public advantage in the wider use of arbitration in insurance disputes."

Watches High Expenses

Superintendent Van Schaick would deprive the surety companies of the right to guarantee mortgages and real estate bonds due to the disastrous experience on this type of coverage. He would also limit the amount of dividends to be paid by casualty and surety companies on their stock.

Reduction in casualty acquisition costs were pointed out by Superintendent Van Schaick to show that continued success of the company regulatory bodies will make legislation for the control of commissions unnecessary.

The New York insurance department has been giving consideration to the reduction of the high expense ratio of assessment life and casualty companies. In many instances the members of these associations do not know the facts as to the proportion of the premium being disbursed for actual benefits and for management expenses. Mr. Van Schaick suggested that associations whose management expenses exceed 35 percent be required to furnish members annually with a statement and comparison of actual expenses of management and benefits. Superintendent Van Schaick also recommended that statute be amended requiring agents of these companies to be licensed.

GOVERNOR'S RECOMMENDATIONS

The extension of the workmen's compensation law to embrace all occupational diseases as well as accidents and the requirement that all compensation insurance, other than that carried by qualified self-insurers, be written by the state fund, is recommended by Governor

New Decision As to Illinois Disease Act

Federal Court Holds Asbestosis Outside Industrial Board's Jurisdiction

BURNS CASE INVOLVED

Ruling Relief to Insurers But Blow to Employers—200 Cases Must Go to Trial

Federal Judge Barnes at Chicago has handed down a ruling which apparently removes asbestosis, silicosis and kindred dust diseases and likely many toxic cases, except lead or lead derivatives, from the purview of section 2 of the Illinois occupational disease act and therefore from the jurisdiction of the Illinois industrial commission. Section 2 is the famous section which defines certain occupational diseases as accidents within the meaning of the compensation law. Diseases falling within section 1 are not compensable, being outside the jurisdiction of the Illinois industrial commission, and are not covered under compensation policies except by special endorsement.

This federal court ruling is a great relief to the insurance companies, but is a blow to the employers.

Johns Mansville Defendant

The ruling came in connection with nine asbestosis cases against the Johns Mansville Corporation. The employer sought to have these cases dismissed from the federal court, on the ground that they properly came within section 2 of the occupational disease act and consequently the award should be made by the industrial commission. It is to the interest of the employers to have occupational diseases come within section 2, because the benefits are limited, whereas the chance of big verdicts exists when the employee brings common law action on account of section 1 diseases. Further, the insurance company would then be liable for payment of the damages and not the employer.

The principal argument of the Johns Mansville Corporation, in seeking to have the cases dismissed, was based on the famous decision of the Illinois supreme court in the Burns case. In that deci-

(CONTINUED ON LAST PAGE)

H. H. Lehman of New York in his annual message. In his campaign for reelection Governor Lehman declared in favor of an exclusive state compensation fund and it is therefore not surprising that his message to the legislature contains the recommendation.

The governor also urges the eradication of medical abuses such as fee-splitting and solicitation of the injured, which have arisen in connection with the administration of the workmen's compensation law.

Merit and Demerit Rating on Auto Liability Rejected

MASSACHUSETTS VIEWS PLAN

Commissioner Merton L. Brown Says
System Would Be Financially Im-
practical—Objections Are Outlined

BOSTON, Jan. 2.—A proposal to determine compulsory automobile liability insurance rates on a merit and demerit system in Massachusetts was rejected this week as financially impractical by Commissioner Merton L. Brown in a report to the legislature. Adoption of the system, he said, would result in a general increased premium rate. The demerit system, as outlined by the commissioner, would be punitive in character and not within the province of any insurance company. It would impose exorbitant rates on a relatively small proportion of the motorists. The report of the commissioner was prepared by direction of the legislature which passed a resolution at the last session emphasizing the advisability of considering the proposed demerit system.

Underwriting Expense Would Increase

The demerit plan would penalize operators involved in accidents by imposing surcharges, either as increased premiums or as penalties. The merit system would give reduced rates to those not involved in accidents.

Commissioner Brown stated the intricate operation of the proposed system under either method would increase the expenses of underwriting to such an extent as to make an actual increase in the basic rates at the outset.

The principal objection the commissioner found to the merit system was that even a 10 percent reduction for an owner possessing a clean record would give the insurance companies a return that would be totally inadequate to meet costs. It would merely provide, he said, a reduction in rates for careful drivers without taking into consideration the consequent loss of revenue to the companies. This revenue, he declared, was now no more than adequate.

Would Reduce Rate Level

Under the merit system, he said, 92 out of every 100 motorists would be entitled to reduced rates. Thus the number entitled to the abatement would be so large and the number barred so small that the effect of the plan would be to reduce substantially the level of charges. Under this method present basic levels would have to be increased to a higher level at the outset.

The maintenance of a bureau of records attendant upon the efficient operation of a merit or demerit system would involve, at a conservative estimate, an annual cost of \$100,000. The commissioner also believes an administrative tribunal to hear and determine the culpability of operators would be necessary and would involve another additional annual expense of \$50,000.

Residence Burglary Rates in Some Sections Lowered

NEW YORK, Jan. 2.—Changes in rates for residence burglary covers became effective Jan. 1 in a number of communities in the central west, south and in California, in so far as company members of the National Bureau of Casualty & Surety Underwriters are concerned.

Broadly speaking, the revisions will mean an overall reduction for the territories of from 12 to 15 percent, percentage varying according to experience. In Cook county, Ill., the reduction will average approximately 9 percent. The record upon which the new rates were based covered the past five years, and had been under review by a committee of the burglary division of the bureau for several months.

CHANGES IN CASUALTY FIELD

Chaloner Assistant Manager

Associate of Manager Loring of American Automobile in Chicago
Is Advanced

Russell Chaloner, special agent of the Chicago branch office of the American Automobile, associated with Manager E.



RUSSELL CHALONER

D. Loring since Dec. 1, 1933, has been appointed assistant manager. His advancement comes from the large part he has taken in the great growth of the Chicago office under Manager Loring.

Mr. Chaloner is one of the best known casualty men in Chicago. He was trained with the Travelers, being connected with that company's Chicago branch for seven years, of which six were as assistant casualty department manager. Then for five years he was manager of the western department of the Norwich Union Indemnity and Phoenix Indemnity.

He then was home office representative of the Royal Indemnity and Eagle Indemnity for a year and a half. Mr. Chaloner left that connection to be manager of the western department of Lloyds Casualty for a year, and after that went with the American Automobile. He is an experienced production man as well as an able underwriter and executive.

Hoban to Los Angeles

George D. Hoban, with the Commercial and Metropolitan Casualty in Portland, Ore., for several years, has been appointed superintendent of the casualty division of the southern California office in Los Angeles. His transfer was announced following the resignation of J. C. Aiken on the eve of being transferred from Oakland, Cal., to Los Angeles, to join the general agency of Rathbone, King & Seeley in San Francisco.

Busy Legislative Season Is Seen in North Dakota

FARGO, N. D., Jan. 2.—The Insurance Federation expects to combine with the North Dakota Agents association in sponsoring certain measures in the forthcoming sessions of the legislature.

At a preliminary meeting in Fargo last week of the advisory board the insurance federation said it would attempt to get an agency qualification law, make an effort to put through an automobile responsibility act, would favor a bill to increase salary of insurance commissioner from \$2,400 to \$4,000; also favor a bill to prevent unjust discrimination in fixing fire insurance rates. At a meeting of the federation Jan. 5 the federation probably will favor legislation sponsored by Harold Hopton, insurance commissioner elect.

Hopton is in favor of legislation placing all insurance on public buildings

Cathcart & Maxfield Expand

Appointed General Agent by Norwich Union Indemnity—G. H. Radcliffe
Heads Insurance Department

Cathcart & Maxfield, St. Paul, are going to push their insurance department activity and have appointed G. H. Radcliffe its manager. They have taken on the general agency of the Norwich Union Indemnity for the twin cities. Cathcart & Maxfield specialize in property management and have about \$25,000,000 worth of property under their supervision. They have been brokering insurance, but will now operate actively as an agency under Mr. Radcliffe.

Has Been with U. S. F. & G.

Mr. Radcliffe has been superintendent of the casualty department of the United States Fidelity & Guaranty in Chicago for a year and a half. He has held several positions in Chicago, including connections with the American Surety and H. D. Kuhns & Co. Mr. Radcliffe had a number of years' experience with the Travelers, starting as special agent at Indianapolis, later becoming manager at Minneapolis, Dayton and Indianapolis.

W. R. Moony, manager of the Norwich Union Indemnity, made the general agency appointment. Mr. Moony and Mr. Radcliffe were associated together in the Travelers at Indianapolis 15 years ago.

Assistant Managers Named

Appointment of Richard D. Searles and Ellis P. Schmidt as assistant managers of the Illinois state department of the Fidelity & Deposit is announced by resident Vice-president W. H. Hansmann. Both Mr. Schmidt and Mr. Searles have been connected with the office since 1928, having entered the services of the F. & D. after graduating from college. They have served as special agents and have made a record.

A brother of Mr. Searles is James Searles, who is connected with the St. Louis branch of the Fidelity & Deposit.

J. Carroll French Resigns

J. Carroll French, vice-chairman of the board of the New York Casualty, has resigned from the service of the company and will leave on an extended vacation in Florida. Upon his return he will announce his future plans.

Mr. French joined the old New York Plate Glass in 1894, became cashier in 1896, assistant secretary in 1900, secretary in 1905, vice president and secretary in 1920 and president in 1921. The company broadened its charter and entered the general casualty field in 1925. In 1929 the American Surety acquired control of the company and Mr. French became vice-chairman of the board.

over that amount which is carried by the state insurance fund, with the local agents.

Members of the advisory committee are J. F. Nichols, chairman, Oakes; O. J. Trimble, Devils Lake; Monte Biggs, New Rockford; P. H. Wilder, Grand Forks; R. J. Doeblar, Minot; A. W. Cray and Charles Dawson, Fargo. The federation's legislative committee are: C. D. Ford, Devils Lake; D. W. Crabtree, Ellendale, and L. F. Temme, Beulah.

Hopton will sponsor a compulsory hail insurance law. He favors a \$3 an acre indemnity in contrast to \$5 and \$7. This is intended to give the large majority of farmers who cannot afford a higher rate, a small degree of protection.

Enactment of such a measure would permit the farmer wanting additional protection to protect his anticipated profits with private companies.

The Cass county bar association has

National Bureau Starts on Survey of Audit Problems

STUDY PRODUCTION COSTS

Follow Commissioners Convention Recommendations—Leslie Pleased
With Rating Approval

NEW YORK, Jan. 2.—Committees composed of experienced casualty company officials have been instructed by the National Bureau of Casualty & Surety Underwriters to make further study of the medical and payroll audit problems of the workmen's compensation business, while a special committee made up of chief accountants and controllers of five member offices has been delegated the study of production costs in the casualty fields. Both actions were in accord with recommendations adopted by the National Convention of Insurance Commissioners at the St. Petersburg, Fla. meeting.

In announcing the above J. A. Beha, general manager of the National Bureau and chairman of the Conference on Acquisition and Field Supervision Cost for Casualty Insurance, made public a letter addressed by William Leslie, associate general manager of the bureau, to the workmen's compensation committee of the commissioners convention.

"The endorsement given by the insurance commissioners to the ratemaking formula recommended by the National Council is very encouraging indeed to the carriers writing workmen's compensation insurance," said Mr. Leslie. "There is every reason to believe that the consistent application of this formula will produce rates that on the average will be both adequate for the carriers and reasonable for the insuring public. It has been gratifying to observe the generally favorable reception which the individual commissioners have given to the rate revisions thus far filed, and it is hoped that the endorsement of the convention, coupled with the self-evident fairness and simplicity of the formula, will produce universal approval of the rate filings in all states."

Minnesota Agents Draft Attitude on Commissions

Minnesota agents will formally present their views on the workmen's compensation commission issue to the national acquisition cost conference through a letter being drafted, it was agreed on at a conference in Minneapolis between a committee of the Minnesota Association of Insurance Agents and William Leslie, associate general manager National Bureau of Casualty & Surety Underwriters.

The committee, headed by C. F. Liscomb, Duluth, held an all-day session with Mr. Leslie, who reported that the companies would not modify their proposal to cut commission rates in Minnesota because of the refusal of the state compensation insurance board to grant them the full rate increase asked.

While Minnesota agents realize that loss experience on compensation in the state has been above the average, they were in hope the bureau would delay action on commissions pending developments in Wisconsin and other states.

Mr. Leslie was guest of the committee at luncheon and in the evening was honored at a dinner.

appointed a committee to formulate a measure dealing with automobile control. Possibly they may ask that all operators be required to carry liability insurance.

H. P. Saggan has purchased the agency of J. P. Bowler, Denison, Ia., who becomes manager of the state employment service at Council Bluffs.

Compensation Hope Voiced by Leslie

National Bureau Official Discusses Situation Before University Insurance Teachers

VIEWS LOSS CONSTANT

Approval of Program by Commissioners Seen as Step Toward Ratification by States

Belief that workmen's compensation insurance will be restored to a satisfactory basis upon completion of programs now under way was expressed by William Leslie, associate general manager National Bureau of Casualty & Surety Underwriters, in his talk on "The Condition of the Workmen's Compensation Business," at the Chicago meeting of the American Association of University Teachers of Insurance. He based his optimism on the belief that rates developed in accordance with the program endorsed by the National Convention of Insurance Commissioners will receive approval of state authorities when filed.

"It is further believed," he said, "that such rates, accompanied by proper loss constants, will yield over a period of years adequate amounts with which to meet medical and indemnity losses. The self-adjusting contingency loading is deemed sufficient to take care of the underlying rising cost trend.

Recovery Will Lighten Burden

"The readjustments of rate levels which have been made during the past four years have brought the rate structure into harmony with existing wage levels, and every step forward in the improvement of business conditions should tend to lighten the abnormal burden which unemployment has thrust upon compensation insurance carriers.

"The two major questions which call for conservatism in predicting the outlook for compensation insurance are: (1) The extent to which individual state authorities will accept and approve rates based upon the recommended procedure, and second, the extent to which occupational diseases, particularly of the slow developing type like silicosis, will affect future compensation costs.

Faith in Commissioners

"On the first question, I have strong faith in the desires of supervising authorities to deal fairly with both carriers and the public, and the new rate making procedure gives them the means of so doing without requiring them to decide controversial items, such as wage factors and medical projection factors, which in the past have often placed the supervising authorities in a very difficult position.

"So far as the second question is concerned, there is not only room but grave need for serious concern. The hope for a normal development in occupational disease costs lies in recognizing the necessity of providing compensation for such diseases by means of separate legislation which takes into account the distinctive character of the problems involved. In principle it is just as proper to compensate for occupational diseases as it is for industrial accidents, provided it is done on a basis which permits a proper determination of the true facts in the case, and which does not create a prohibitive cost, particularly as respects the accumulated liability for diseases of the slow progressive type."

Mr. Leslie cited the exceedingly bad loss record on the business. Underwriting losses have been staggering, he said,

(CONTINUED ON NEXT PAGE)

Scans the Year



J. C. HEYER
Vice-president Metropolitan Casualty

Bar Association Committee Confers on Standard Policy

The automobile insurance committee of the insurance section of the American Bar Association held a two-day meeting in Chicago last week to discuss further the question of a uniform automobile liability policy. A tentative draft of a standard policy was submitted by the committee at the annual meeting of the insurance section in Milwaukee last fall. Since then the committee has received criticisms and suggestions and the meeting last week was for the purpose of discussing these proposed changes.

Howard D. Brown, general counsel of the Detroit Automobile Inter-Insurance Exchange, is chairman of the committee. Other members present included R. G. Rowe, vice-president Lumbermen's Mutual Casualty, and Attorneys M. B. Kennedy of Chicago, Harry Green of Newark, C. C. Putnam of Des Moines, L. K. Varnum of Grand Rapids, E. L. Wright of Little Rock, W. E. Stanley of Wichita, and G. P. Hayes, Milwaukee.

Mr. Varnum acted as secretary and will have charge of preparing in formal fashion the recommendations that were decided upon.

Tennessee City Can't Force Tax to Carry Insurance

The Tennessee supreme court has held that a municipal corporation cannot enact and enforce an ordinance requiring taxicab operators to carry liability insurance where the legislature has not given the city express power to do so. To authorize a municipal corporation to enact and enforce such an ordinance, it must find authority in some express legislative grant and not by implication or construction. The case was City of Kingsport vs. Seals.

Another Racketeer Convicted

SYRACUSE, N. Y., Jan. 2.—A six-month penitentiary sentence has been given Rosario Arcidocono for his activities involving the Employers Liability in an insurance racket in which there have been more than two score convictions.

Seeks British Columbia License

VANCOUVER, B. C., Jan. 2.—London Lloyds has applied to the British Columbia department for a license. It is pointed out that the British Columbia act contains the same clause as that in the Ontario act, which allows Lloyds to be licensed without making a deposit. A fight probably will be made on the application.

Rate Trend Up to Public

Auto Liability Looms as Big Loss Problem in Viewing 1934 Underwriting Experience

BY J. C. HEYER

Although actual underwriting results of stock casualty companies on 1934 operations are not as yet available, casualty executives follow developments closely enough to enable them to project, with reasonable certainty, general countrywide trend in losses, which is an authoritative factor in determining profit or loss.

Stock casualty underwriting losses from 1929 to 1933 were far in excess of any previous span of five years, totaling \$157,811,810 on earned premium income of \$2,881,454,761, or 5.5 percent. Three lines of business were responsible for this huge unprecedented loss from underwritings.

Loss Offenders Cited

Workmen's compensation business during the period caused loss of \$92,258,421, or 58.5 percent of the total loss from underwriting; surety business was second with a loss of \$69,713,049, or 44.2 percent; automobile business followed with a loss of \$11,627,920, or 7.4 percent, while the other lines of business, some showing loss and others a profit, delivered in the aggregate a profit of \$15,787,580, or 1.6 percent, on earned premium income of \$991,446,690.

Companies have not, in the majority, recovered from the shock sustained by loss factors of the recent past to emerge as early as the close of 1934 with a profit. I am convinced that stock casualty countrywide results for the year 1934 will show a loss from underwriting when final returns are compiled on a calendar year basis.

Such a result does not necessarily prove that the casualty companies suffered a loss from underwriting on business accepted where the coverages were effective in 1934. A calendar year compilation takes into consideration the run-off on all claims paid during the year and outstanding as of Dec. 31, regardless of the effective date of the policy or the age of claims, while a policy year compilation deals only with developments on liability assumed where the effective date of coverage falls within a given year.

Rigid Corrective Measures

Well managed casualty companies have applied rigid corrective measures in an effort to plug loss from underwriting by (a) retiring completely from territories known as breeders of loss, (b) adopting a more conservative underwriting policy commanding a better selection of risks, (c) curtailing their writings, (d) withdrawing workmen's compensation facilities because of the huge loss this line has produced. In spite of such drastic action loss still finds its way into the records.

Casualty and surety executives anticipate a slight improvement in workmen's compensation results in 1934 over 1933, but far from bringing this line of business out of the loss zone. The surety business has made a decided turn, and while it is doubtful that this line of business will deliver a profit in 1934 due to the pay-off on old losses, the decrease in claim frequency is most encouraging and this line gives every promise of a profit in 1935.

Auto Liability Sore Problem

The problem of today and tomorrow causing great concern in the casualty field, because of the upward trend in loss from underwriting, is automobile public liability business. While the results of 1934 are an unknown quantity at this time, various statistical data on automobile accidents clearly indicates a decided increase in loss from underwriting during 1934 over 1932 and 1933. The latest and most authentic reports published concerning automobile acci-

dents reveal that during the first ten months of 1934 fatalities and injuries reached an all time high. There were 28,400 persons killed and 700,000 injured as a result of nearly 600,000 automobile accidents in this country during the first ten months of this year! The increase in fatalities amounts to 16 percent. Total number of drivers involved in automobile accidents who were declared intoxicated shows a gain of almost 24 percent. Total number of pedestrians involved in automobile accidents who were declared intoxicated shows an increase of more than 55 percent. These facts not only suggest, but demand, a more rigid underwriting policy on the part of every underwriter if company surplus is to be conserved.

Repeal Not Entirely Responsible

Repeal of the 18th amendment recently passed its first anniversary and while it is evident that repeal has had some effect upon loss developments in connection with automobile liability business, it would be most unfair to direct the upward trend in loss on this line of business entirely to this act. Speed has been, and will continue to be, an important factor and in speed is found a hazard somewhat beyond control of underwriting.

The situation in connection with automobile public liability insurance is one of public concern, because in the final analysis excessive loss from underwriting is a burden the insuring public indirectly bears, through automobile public liability rates, or premium cost, for such coverages.

In other words, the insuring public constitutes the rate-making body, and it would seem logical that it lend a full measure of cooperation to the companies in an effort to reduce loss so as to keep cost of insurance at the lowest possible rate.

Fail to Educate Public

Casualty companies are largely responsible for the present unfavorable elements causing excessive loss from underwriting, by reason of their failure to educate and enlist the public in a vigorous campaign against fraudulent and non-meritorious claims.

Millions of dollars collected by casualty companies from the insuring public for automobile public liability protection have been thrown away by the public, through jury verdicts, into the hands of unscrupulous persons. The public is always free to register complaint over insurance rates, yet lacks interest in cooperating with insurance companies to the end of eliminating claim payments to crooked claimants.

Policyholders do not seem to recognize the basic principle of insurance or the true function of an insurance company, otherwise they would be less liberal in awards when given the opportunity to place a value on a given claim by way of serving on a jury. They should be fair, of course, in reaching verdict after carefully considering all of the facts. On the other hand, they should definitely understand that it is their money the insurance company is going to use in settling the claim.

Clearing House for Premiums

Insurance companies merely act as a clearing house by collecting premiums of the many to provide protection for those so unfortunate as to sustain loss.

Economic and political conditions have been held chiefly responsible by those engaged in the insurance business for loss from underwriting. These elements unquestionably have aggravated loss, but personally I do not accept such conditions as major contributing factors. My firm conviction is that

the dominant cause of grief in the casualty and surety business rests squarely upon the ignorance of the public in our great insurance system.

Relief is certain only when agents, brokers and the public unite in a common purpose to remove the evils created by unfair legislation, fraud, unscrupulous attorneys, fee seeking doctors and sympathetic jurors.

Stockholders of casualty companies do not provide capital and surplus funds for the benefit of insurance claim racketeers. Such moneys are contributed only to comply with the law, and its use for losses is to provide means of financing the occasional large unfortunate catastrophic loss payment that is averaged out of future premiums paid to the company by the insuring public.

Accomplish Much in Education

Casualty and surety companies have accomplished much along educational lines that will tend to improve public understanding as to the vital part they play in our great business.

Insurance company executives, I am sure, are in accord with a plan of launching a real instructive campaign which, by reason of its importance to public interest, will gain their full support to the end of destroying profits of those who terrorize legitimate insurance business.

The success of such a constructive movement is worthy of the wholehearted cooperation of every insurance agent, broker, and the public, because of the service such support will accomplish in the interest of all concerned.

Compensation Hope Voiced by Leslie

(CONT'D FROM PRECEDING PAGE)

averaging for stock carriers approximately 12 percent of premiums for each year since 1922, and aggregating well over \$150,000,000. He pointed out that workmen's compensation carriers in a sense have been caught between the upper and nether millstones, workmen's compensation being interpreted liberally and claims of beneficiaries heard sympathetically by adjudicating bodies in a manner that makes this insurance social insurance without the carriers getting the proper premium.

He said rating laws which were originally enacted for the sole purpose of protecting insurance companies' solvency by guarding against the use of inadequate rates, very soon acquired the additional purpose of guaranteeing to the insuring public that rates charged would be reasonable. Development of a rate making procedure which will be satisfactory to state authorities and at the same time produce adequate rates for carriers has been the consistent objective of casualty actuaries for 15 years. The principal element which made it difficult to arrive at a method of establishing rate levels that will be adequate and will meet approval of supervising authorities has been steadily rising cost of compensation insurance. Medical costs and indemnity costs have increased substantially.

Notes Rising Cost Trend

Any rate making method which utilizes past experience but fails to make proper allowance for the effect of the rising cost trend, Mr. Leslie said, is bound to yield inadequate rates and cause underwriting losses over a period of years. It has been very difficult to find a method of developing a trend factor which would be accepted by supervising authorities as calculated to produce reasonable as well as adequate rates.

He said the commissioners' convention endorsement given to extension of the loss constant principle is especially important to stock carriers because of the impossible burden under which they have labored in attempting to give coverage to smaller risks at wholly inadequate rates. A very large proportion of

the small risks seek stock insurance. Approximately 94 percent of all risks insured by stock companies have annual premium less than \$500, and these represent nearly 35 percent of the entire stock company premium volume. Due to small risks, the average stock company premium in calendar year 1933 was only \$142 per policy.

Discusses Commissioners' Action

Mr. Leslie took up in some detail the commissioners' resolution adopted at the St. Petersburg, Fla., meeting. He said the rate level formula approved is simple to apply and easy to understand. It eliminates speculative factors which always have caused difficulty in presentation of proposed rates to state authorities, and substitutes single contingency factor which is automatically adjusted on a definite basis to conform to requirements of adequacy and reasonableness. Use of the actual calendar year underwriting results in determining the contingency factor brings into the result the latest developments as to additional premiums and cases that have been reopened.

Mr. Leslie said it is the practice to determine annual rates from classified experience of all risks. Where experience of risks subject to experience rating is better than average for all risks,

manual rates are too high for the subject group, and conversely too low for the non-experience rated group. Application of experience rating has a tendency to correct the overcharge on the subject risk because, the experience for that group being better than average, there will be produced an excess of credit overcharges. But unless this credit off-balance is corrected in some way, the required over all manual rate level is not reproduced.

Loss Constants Needed

To balance experience rating within itself by arbitrary factors places unwarranted burden on the subject risk and permits a group of non-subject risks to obtain insurance at less than cost. To balance the experience rating plan by a loading in manual rates, thus increasing the rate level for non-subject risks, is a reasonable procedure where the difference in loss ratio between the two groups of risks is relatively small and not apparently significant. It is unsatisfactory where the difference in loss ratio is substantial because it still loads part of the off-balance on the subject risks and leaves the non-subject risks on an inadequate rate level basis. Under such a condition loss constants are necessary to place the non-subject risks on an adequate rate basis.

ACCIDENT AND HEALTH FIELD

Seek Uniformity in Statutes

Accident and Health Men Want Illinois Code on Standard Provisions to Conform With Other States' Laws

Probably the only change in the proposed Illinois code which will be asked by the accident and health interests is in connection with the chapter covering the standard provisions for accident and health policies, to make it uniform with the standard provisions laws in other states. When that law was adopted in Illinois, some minor errors in the wording of the standard provisions crept in, which do not in any way change the meaning of the law, but make it necessary for the companies to issue separate policy forms for Illinois, in order to conform exactly with the wording of the statute. The new code has carried over the law as it now stands and it was felt that this would be an appropriate time to bring it into harmony with other standard provisions laws. No opposition to this proposal is anticipated.

A conference of Illinois companies writing accident and health insurance probably will be called prior to any hearing on that portion of the code, to decide whether or not any other changes are to be sought.

Carroll Looking After Claims

Hugo Carroll, formerly in charge of claims for the Redfield & McGurk

agency of the Mutual Benefit Health & Accident in Chicago, who recently started the practice of law in Springfield, Ill., is temporarily looking after accident and health claim work for the Abraham Lincoln Life of that city. G. A. L'Estrange, former head of the Abraham Lincoln claim department, resigned recently to go with the Washington National in Chicago.

Past Presidents Dinner Jan. 14

The Accident & Health Managers Club of Los Angeles will hold its annual past presidents' dinner-meeting, Jan. 14, when new officers recently elected will be installed.

Thomas Agency's Prize Winners

The W. L. Thomas agency of the Massachusetts Bonding in Los Angeles held a big Christmas party which featured the presentation of prizes won in the recent agency contest. The winner for volume of premiums collected was Alfred Montgomery with the Citizens Insurance Agency second. W. C. Burge won first prize for number of "apps" written, with M. C. O'Neil second prize. In the franchise division J. R. Dougher won first prize and R. R. Frank second.

Gordon Detroit Speaker

Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, will address the Accident & Health Managers Club of Detroit Jan. 14 on "Conservation."

CASUALTY PERSONALS

C. W. Van Beynum, advertising manager of the Travelers, is vacationing in Florida with his family, with headquarters at Tampa.

Members of the casualty bureau of the New York insurance department celebrated the 25th anniversary of C. A. Wheeler, chief examiner, and J. E. Watson, associate examiner, who were presented with appropriate gifts.

W. H. Francis on Jan. 1 completed 50 years of service with the Hartford Steam Boiler. He is manager at Atlanta. He started in the home office as office boy. After experience in several cities, he was transferred to Atlanta in 1898, becoming chief inspector in 1900 and manager as well as chief inspector in 1909. His

father, Charles D. Francis, was for many years a member of the home office inspection force of the company, and A. P. Francis, a son, is now assistant manager in Atlanta.

More than 50 Chicago friends of Frank C. McVicar turned out to honor him on account of his promotion from assistant manager of the western department of the Hartford Accident to superintendent of agencies at the head office. Charles H. Burras, head of Joyce & Co. of Chicago, who is always properly described as scintillating, performed as toastmaster and applied the finished touch. Mr. McVicar started as an office boy in the office of Joyce & Co. of Chicago, 22 years ago.

W. W. Steiner, manager U. S. Cas-

ualty and president Chicago Surety Association, turned the meeting over to Mr. Burras. W. H. Hansmann, Fidelity & Deposit, spoke in appreciation of Mr. McVicar. He was followed by George H. Moloney, vice-president of the Hartford Accident, with headquarters in Chicago, and R. E. Cline, Aetna Casualty, presented Mr. McVicar with a suit case in behalf of the gathering. Mr. McVicar responded feelingly and the final talk was by Rockwood Hosmer of R. W. Hosmer & Co., chairman of the board of the Illinois Association of Insurance Agents. Alvin S. Keys of Springfield, Ill., president of the Illinois agents association, and F. M. Chandler, chairman of the membership committee, were also present.

Mr. Burras delighted the gathering with reminiscences of former farewells and testimonial parties. He recalled the send-off for W. S. Crawford when he went to New York to become insurance editor of the New York "Journal of Commerce." Mr. Burras said that Mr. Crawford is still smoking the pipes that were presented to him on that occasion. Then there was E. A. St. John, who was presented with a chest of silver. Homer McKee was given a pair of handsome cuff buttons. They were passed around the table to be exclaimed over but they did not make the circuit, someone having appropriated the gift on its way around. Then there was the farewell party for W. H. Hansmann, he being presented with a watch. Mr. Burras brought down the house when he said that Mr. Hansmann, however, didn't leave town and he refused to give the watch back. Mr. Burras also recalled farewell parties for Mose Craig and Henry Marshall.

E. D. McKim, agency director of the Mutual Benefit Health & Accident and United Benefit Life of Omaha, has taken his post as representative in the Nebraska legislature to which he was elected in November. He is the first Democrat ever elected from the district, according to him, and also maybe the last, as Nebraska a few years hence will try the experiment of a one-house legislature.

Write \$1,000,000 Colorado Bond

DENVER, Jan. 2.—For the first time, the state treasurer's bond was filed before Jan. 1. Handled locally by Standart & Main, the \$1,000,000 bond was written on a ratable limited co-surety basis by 13 companies, with the Royal Indemnity as the originating company. Seven companies each subscribed \$100,000 and six others \$50,000 each. The bond was oversubscribed by \$350,000. In addition, a \$250,000 bond has been written on the treasurer by the same group for the state industrial commission. The treasurer is custodian of about \$3,000,000 of industrial commission securities and a considerable amount of cash.

Official Bond Rate Up

LINCOLN, NEB., Jan. 2.—Newly-elected public officers complain that they are confronted with an increase in rates on official bonds ranging as high as 100 per cent, the latter being reported by State School Superintendent Taylor, who said his \$50,000 bond will cost him \$400 instead of \$200, the rate charged four years ago. Surety company men say the raise has been forced by heavy losses in a number of counties. There will be no increase on the \$1,000,000 bond of State Treasurer Hall, which is fixed by law at one-fourth of 1 per cent, or \$5,000 for the two-year term. County Treasurer Albers of Lincoln finds his premium for four years increased from \$4,652 to \$6,000. Outside of Douglas county, where the rate increase has been small, new premiums have been boosted around 25 to 30 per cent.

Stephan Elected Director

C. J. Stephan, New York manager of the Metropolitan Casualty, has been elected a director of the Insurance Society of New York, succeeding E. R. Lewis, resigned.

NEWS OF THE COMPANIES

Retail Meat Dealers Form Chicago Mutual Plate Glass

The Retail Meat Dealers Mutual Plate Glass, which was incorporated early in 1934, has started operations with initial surplus of \$12,391. This is a carrier formed with the nucleus of a plate glass club which has been operated for six or seven years for the benefit of members of the Retail Meat Dealers Association of Chicago. The club made glass replacements for members who subscribed certain fees. It was found this informal organization which was not licensed by the Illinois insurance department, conflicted with insurance laws and so the mutual was organized.

The officers are: President, George Pauli, Chicago market owner; vice-president, E. F. Keil; secretary, A. J. Kaiser, who is secretary Southwestern Retail Meat Dealers Association, and treasurer, F. J. Shotola, southwest side Chicago butcher. Headquarters office is at 9 South Clinton in that city. C. W. Kaiser, who for 20 years has been secretary of the meat dealers association, is general agent for the mutual. Writings are being confined to plate glass cover-

age only for retail meat dealers in Chicago and the suburbs.

Resumes Dividend Payments

The General Alliance Corporation has decided to resume dividend payments, having declared a payment of 15 cents per share payable Jan. 21 to stock of record Jan. 2. The corporation controls the General Reinsurance and the North Star, the former a casualty reinsurance company and the latter a fire reinsurance institution. This is the first dividend since the fall of 1931. President E. H. Boles stated the resumption of payments reflected confidence that normal earning power would be restored. There has been an improvement because the General Reinsurance worked off certain unprofitable accounts in surety and accident and health reinsurance and because the experience of the North Star reflected the fine underwriting profits enjoyed by the direct writing companies last year.

Approve Capital Reduction

The New Amsterdam Casualty's reduction of its \$2,500,000 capital to \$1,000,000 and the transfer of the \$1,500,000 balance to its surplus and reserves accounts has been approved by the stockholders.

White and Smith Promoted by Continental Casualty

Two important appointments are announced on the home office staff of the Continental Casualty. W. Edwin White, manager accident and health department, downtown Chicago branch, goes to the home office as superintendent of agents, commercial accident department. J. M. Smith, agency secretary in the disability division for several years, becomes assistant to the vice-president of that division.

Mr. White started in insurance work in 1920 and has been in it continuously ever since, save for four years when he operated a manufacturing and contracting business of his own in Chicago. He started as agent of the New York Life, soon beginning to sell also the mixed casualty, and especially accident and health lines for the Continental.

He went with the latter company as a full time agent seven years ago, soon being appointed special agent in the accident and health department. Later he became agency supervisor in that division. Five years ago he was appointed accident and health manager in the Chicago branch. Production of this business in the branch increased substantially every year under Mr. White's direction.

Mr. White succeeds J. V. Rathbone, who has retired.

Canadian Manager Is Named Executive Vice-President

OMAHA, Jan. 2.—M. L. Flaska, recently appointed to head the Canadian agency of the Mutual Benefit Health & Accident, has been elected executive vice-president of the company.

He will make his headquarters in Toronto. His office will be completely equipped for issuing policies and paying claims in at least four Canadian provinces.

Mr. Flaska was for 23 years with the Continental Casualty in Chicago before joining Mutual Benefit. He is well known in the Canadian field, having represented the former company at Toronto.

C. H. Karsch Is Appointed

Charles H. Karsch, one of the outstanding accident and health producers of the Redfield & McGurk Agency, Chicago, has been appointed Cook county manager of the accident and health division of the United Benefit Life.

He and B. L. Zinder, working in partnership, established a record of securing 200 accident and health applications in the 50 working days ending Dec. 31.

Expect Fund, Deposit Bills

NEWARK, Jan. 2.—Measures are expected to be introduced soon in the New Jersey legislature providing for a monop-

olistic state compensation fund and special depository requirements for compensation companies. Both bills will be fought to the bitter end by insurance companies. The legislature convenes on Jan. 15.

Former State Senator Simpson is making plans for a new campaign to induce the state to provide automobile liability insurance at a rate lower than that now charged by insurance companies. It is contended there is a demand for such legislation on account of the collapse of a number of insurance companies doing business in the state during 1934. Opponents of state insurance will probably overcome the measure by asking for more stringent supervision of casualty companies.

Divorcement of compensation bureau from the department of labor and the creation of an industrial commission to administer a new act will feature legislation of the Essex County Clean Government Assembly delegation. Repeal of the 1911 compensation act and its amendments is proposed in the new legislation.

Monaghan Succeeds Hanley

NEW YORK, Jan. 2.—Formal announcement is made by J. A. Beha, general manager of the National Bureau of Casualty & Surety Underwriters, of the advancement of R. H. Monaghan from assistant director of the publicity department of the organization to director, in which latter connection he succeeds T. B. Hanley, resigned three months ago. Mr. Monaghan is a trained newspaper man and has a good working knowledge of casualty insurance. Following his graduation from Yale he was connected with the New Haven "Register," first as a general reporter and later as feature editor of the Sunday edition. He then served on the staff of the "Spectator" for three years as editor of its casualty department. He joined the National Bureau in 1932.

Seek California Rate Control

SAN FRANCISCO, Jan. 2.—The California Association of Insurance Agents, through a special committee, is working with the directors of the association in preparing a rate supervisory bill to be presented to the coming session of legislature. It is understood the measure will follow the New York rate law and is to be presented to fire and casualty company managers for their reaction and possible support before presentation to legislature.

Another committee of the association, under chairmanship of Fred M. Cotter, is studying workmen's compensation problems. Other members of this committee are Eugene Battles and Lawrence Wraith.

Agency Held in Contempt

The Cronin, Foley & Wandelt agency of Bayonne, N. J., has been held in contempt by Vice-Chancellor Buchanan for failing to obey a subpoena to produce records for examination by the New

New Commissioner



JOHN C. KETCHAM

John C. Ketcham, former congressman from Michigan and active worker in the Republican party in that state was appointed insurance commissioner by Governor Fitzgerald of Michigan, succeeding C. E. Gauss. Mr. Ketcham took office Jan. 1.

Jersey receiver of the Consolidated Indemnity. The agency was ordered to pay \$25 a day fine until it obeys the subpoena and to pay counsel fee and court cost.

Would Make Act Mandatory

ST. PAUL, Jan. 2.—An amendment to the compensation act, making it mandatory for employers and employees to come under its provisions, has been drawn by the state industrial commission, which supervises the compensation act, for presentation to the legislature and has been approved by the attorney general's office.

At present employers and employees may elect to come under the law and many have not accepted it.

Auto-Owners in Indiana

LANSING, Jan. 2.—The Auto-Owners of Lansing has obtained a license in Indiana to conform with Indiana requirements for covering interstate truck lines. The public service commission of that state demanded that the Lansing carrier obtain authorization. It is apparently not the intention to organize the state on an agency basis.

The W. K. Kennedy agency, Canton, O., has been sold to the Geiger Insurance Agency.

The Auto Mutual Indemnity of New York City has been licensed in Ohio. Application for a license also has been filed by the Travelers Mutual Casualty of Des Moines.



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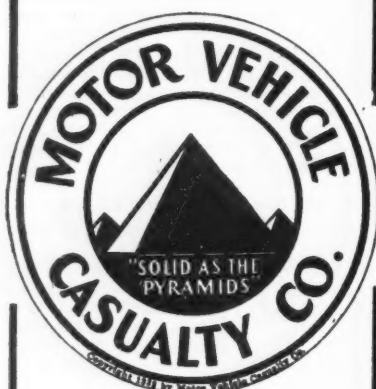
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New Decision As to Illinois Disease Act

(CONTINUED FROM PAGE 23)

sion the Illinois supreme court held that the word "or" should be inserted in section 2 so as to specify a third class of diseases arising from employment with concerns "engaged in the carrying on of a process of manufacture or labor in which poisonous chemicals, minerals or other substances are used in harmful quantities or under harmful conditions."

By virtue of the Burns case decision, many employers have gone on the theory that all silicosis, asbestosis and similar cases fall within section 2 and consequently within the jurisdiction of the industrial board. It is understood there are some 200 cases in the federal and state courts in connection with which the employers have attempted to rely on the Burns case and have moved for their dismissal and transfer to the jurisdiction of the industrial board. Unless the ruling of Judge Barnes is changed on appeal, it will probably mean that all these cases will go to trial on the merits in a common law court.

In his ruling, Judge Barnes said the question is whether the court has jurisdiction or whether exclusive jurisdiction resides in the Illinois industrial commission. The court cannot say that the complaint alleges the defendant is engaged in the carrying on of a process of manufacture or labor in which "poisonous chemicals, minerals or other substances are used in harmful quantities or under harmful conditions."

"What the proof may be, the court does not know, but, on the allegation of plaintiff, the court is of opinion it has jurisdiction. The motion to dismiss is overruled."

Toxicity Not the Test

Some of those who have analyzed this ruling say that it means a disease may be toxic and still be outside of section 2, because it is not caused by lead or lead derivatives.

Attorney C. C. Kirk, who has made a profound study of the occupational disease question from legal and medical standpoints, argued the motion on the part of all cases, in behalf of the plaintiffs in federal court.

In his motion, Mr. Kirk contended the Burns decision has to do with the clarifying of the uncertain statutory language of section 2 of the occupational disease act by the insertion of the word "or." The insertion of the word "or" in the latter half of section 2, he went on, does not establish a classification that did not already exist and no new disease or new types of industry were taken from section 1 and placed under section 2 as a result of such decision, nor does such decision enlarge section 2 by adding new types of diseases or new industries that were not heretofore considered as so placed by the legislature, legislative intent, object and purpose as shown by the supreme and appellate courts of Illinois.

The complaint alleges the contraction of an illness or disease, known as pneumoconiosis, asbestosis, with tuberculosis, the disease being caused as a result of inhalation of quantities of asbestos dust, cement dust and other dust in the process of manufacture carried on by the defendant.

It is known that steps are now being taken by a group of industrialists to frame a law, for presentation to the forthcoming session of the Illinois legislature, which would bring all occupational diseases definitely within the scope of the compensation law.

Now the insurance companies, after careful investigation, can definitely decide that the employee having an occupational disease who came in contact with no lead or lead derivatives or lead chemicals in his employment, is therefore within section 1 and not section 2 and therefore there is no liability under the insurance policy unless there exists a definite rider to that effect.

Sharp Increase in 1934 Auto Deaths

(CONTINUED FROM PAGE 23)

Michigan and Wisconsin, had gains in fatalities.

Nearly 2,600 deaths occurred in the east south central states, comprising Kentucky, Tennessee, Alabama and Mississippi, and the increase of 34 percent is the greatest of any geographical division in the country. Three of the four states reported gains of more than 30 percent, one of which has had an increase of more than 80 percent, the highest of any in the country from which figures have been obtained.

Expect 3,000 Total

In the west south central states of Arkansas, Louisiana, Oklahoma and Texas figures on deaths are difficult of computation because two of the states have not reported for 1934. However, on the basis of the reports received for 1934 and the complete data for 1933, it is indicated that 3,000 fatalities may be expected for the group for 1934.

The mountain states had more than 1,400 deaths for the year with an increase of more than 31 percent in fatalities, for the next to the greatest percentage gain of any part of the country.

Around 3,400 deaths occurred in the west north central states for an increase of almost 12 percent, with South Dakota showing a decrease. The south Atlantic states, with a gain of 21 percent in deaths, had a loss of life of 4,900, with Delaware showing a decrease. But Maryland, the District of Columbia, Virginia, West Virginia, North and South Carolina, Georgia and Florida have reported appreciable percentage increases.

Fatalities in the Pacific states numbered 3,700, the increase on the basis of available statistics amounting to more than 18 percent.

Only New Hampshire, Connecticut, New York, New Jersey, South Dakota and Delaware out of 45 states and the District of Columbia which have reported figures on deaths from automobile accidents have succeeded during 1934 in reducing their fatalities. Fifteen states have been able to hold their percentage increases under the average indicated for the country as a whole. These are Maine, Pennsylvania, Ohio, Indiana, Alabama, Arkansas, New Mexico, Nevada, Iowa, Missouri, North Dakota, Nebraska, Kansas, Maryland and Georgia.

Auto Association's Figures

The American Automobile Association's figures on automobile accidents place the fatalities at 35,000. According to these figures, Mississippi showed an increase of 81 percent and Connecticut, Delaware, Maine, New Hampshire, New York, South Dakota and West Virginia had decreases.

Reports compiled by the census bureau from 86 cities for the 52 weeks ending in November gave Camden, N. J., the highest fatality rate with 73 deaths per 100,000 population. Indianapolis had the lowest with only 1.1 death per 100,000. The National Bureau of Casualty & Surety Underwriters cooperated with the Indianapolis authorities to secure the reduction.

Seeks Cover for Cabs

BOSTON, Jan. 2.—Commissioner M. L. Brown has addressed a letter to all the companies writing compulsory automobile liability insurance in Massachusetts stating that some 200 to 250 taxicabs are unable to obtain coverage under the act for 1935. He calls for information from the companies as to how many cabs are now insured in each company and asks if the companies are willing the department should assign pro rata the taxicabs referred to in the companies now authorized in the commonwealth.

Authors of Illinois Code Give Their Personal Views

(CONTINUED FROM PAGE 4)

practically all of those states by a single administrative officer. The board action is too cumbersome and slow.

However, he said there is danger of concentration of powers in one officer. There must be some curb on inefficiency, laxity, abuse of power, etc. The policyholders cannot provide this check, because of the complexities and technicalities of the office. The governor is concerned with other things and subordinate officials are not in a position to expose improper conduct.

Therefore Mr. Goble favors an advisory insurance council. Such a body would have no administrative powers. Its principal functions would be to advise with the commissioner upon any matter he cared to submit to it and to keep informed as to the affairs of the department, so as to be in a position to know of inefficiency, laxity, dishonesty, etc. It could take steps to expose or publicize such misconduct. Furthermore the council should concern itself with gathering facts on the operation of insurance laws, study, compile and publish them and recommend desirable insurance legislation and combat ill-advised proposals.

He suggested the personnel of the council should consist of representatives of various branches of insurance together with representatives outside of the business, for instance, an accountant, investment banker, economist, lawyer, etc. Members should serve without salary.

Mr. Goble pointed out that such a council was created in New York last year and also in Alabama.

Mr. Goble and Mr. Dickinson state they do not believe an insurance advisory council is necessary as long as the state has a director of the caliber of Ernest Palmer but a law must be written upon the assumption that the office will not always be held by him.

Issue Rules for Reporting Foreclosed Real Estate

(CONTINUED FROM PAGE 4)

says, the difference may be shown in a separate liability item designated "contingency reserve" representing difference between total values carried in assets for all bonds and stocks owned and total values based on Dec. 31, 1934, market quotations. If aggregate of market quotations for all bonds and stocks owned exceeds total of values carried in assets for such securities, a footnote may be appended in substance: "On the basis of Dec. 31, 1934, market quotations for all bonds and stocks owned, this company's total admitted assets would be increased to \$—."

Clifton S. Conlee has become a partner in the George Frost agency, Clio, Mich.

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RECENT COURT DECISIONS

CASUALTY & SURETY

Upholds Valued Policy Law

Hartford Live Stock, in Kentucky Case, Must Pay \$1,000 for Loss of \$150 Horse

Upholding the constitutionality of the Kentucky valued policy law, the Kentucky court of appeals held the Hartford Live Stock liable for the stated amount of the policy, despite the fact that the policy recited that the company insured the owner of the horse "for an amount not exceeding \$1,000 as follows:"

Three pedigreed saddle horses were burned to death and the insured sought judgment of \$3,000. The case was Hartford Live Stock vs. Gibson, et al.

For Definite Amount

The Kentucky court of appeals held that a policy is for a definite amount when that amount is definitely stipulated, notwithstanding another portion of the policy provides that the insurance shall not exceed such stipulated sum. The premium was definite and was undoubtedly based upon the definite liability of \$1,000. There is no provision for any reduction or refund of part of that premium should the sum paid as a loss be less than that stipulated. If at any time the insured believed the animal was over insured, it was thereby enabled to protect itself. If the stated sum of \$1,000 be regarded as merely the maximum limit of liability and not the measure thereof, the company cannot get away from the fact that it is an estimate of value and that the statute converts it into a liquidating demand, for it makes the company liable in case of death of the animal "for the full estimated value of the same as the value thereof is fixed in the face of such policy."

The constitutionality of the statute is challenged. It is argued that without provision for intermediate depreciation of value, the statute wipes out the basic principle of indemnity. Valued policy statutes, however, have been quite uniformly upheld as against various constitutional objections, the court stated. The company here took no advantage of the right to reduce the amount of the insurance with consequent reduction of premiums and awaited the destruction of the horses and the difficulties of proving its value before it claimed an over valuation of \$750 on each \$150 horse.

Interesting Automobile Case Just Decided in California

An interesting decision has been rendered in the case of Riley vs. Berkeley Motors by the California district court of appeals, 1st appellate district.

Mrs. Riley sued the defendant, a dealer in automobiles, and its salesman, who was demonstrating a car. The salesman invited Mrs. Riley to ride in a car owned by the dealer to demonstrate it. She was without experience in driving and at his suggestion attempted to drive under his direction. In trying to turn at a street corner, the car overturned and Mrs. Riley was injured. The car was traveling 40 miles an hour and she testified that the salesman instructed her to make the turn, but did nothing to reduce the speed.

The court held that Mrs. Riley was not a guest but occupied the situation of a passenger for hire and liability exists if the operation of the car is negligently directed, although the customer is driving. Therefore, the plaintiff is entitled to recover.

City Car Is Used Privately

Insurer Not Liable Because Ordinance Prohibited Use of Car For Other Than Business Purposes

The United States circuit court of appeals, fourth circuit, (South Carolina) has reversed the judgment of the district court, which had held that although the city of Charleston had been held not liable for injuries caused by a city owned car while used for private purposes, the insurance company was liable on the theory that the car was being driven with the permission of the named assured. The case was U. S. F. & G. vs. Mann, administrator.

Car Belonged to City

The car belonged to the city and had been furnished to Ball, superintendent of parks, for business use. Ball directed his son to take the car and bring home his mother, who was at a social function. On the way, the son ran into Mrs. Mann. She sued him and the city and secured a verdict against him for \$30,000. The city was held not liable. Being unable to recover on the judgment against the son, suit was brought against the U. S. F. & G.

There was an ordinance in Charleston provided that city automobiles are furnished for public business and are not to be used for any other purpose. The council, by letter, instructed the department heads that city owned automobiles are to be used for official business only and that the driving of cars by other than authorized departmental attaches was prohibited.

Employee of the Parks Department

Ball, Jr., was an employee of the parks department, subject to the orders of the superintendent, and had been directed by the superintendent to use the car. The argument was that since he was merely doing what he was employed by the city to do, the city's consent must be implied regardless of what use the superintendent was making of the car. The son was employed to attend to the city's business and not to the affairs of the family, the higher court stated, and the father could not authorize another to do for him what he could not do for himself. One cannot give the permission of the named assured to use the car, under the terms of the coverage clause, unless the authority to do so has been conferred upon him. There is no evidence that an additional premium was paid for the coverage of the private use of the automobile.

The city ordinance must be given effect and when this is done there is a limitation upon the use of the city's cars and a specific denial, so far as private purposes are concerned, of that permission for their use, which is essential to the coverage of a person other than the named assured. No permission or consent, expressed or implied, was given by the city, or by anyone authorized to act in its behalf, to the use to which the car was put at the time of the accident.

Kentucky Law Is Upheld

The constitutionality of the Kentucky law requiring taxi operators to file public liability policies or indemnity bonds as a condition of obtaining a license has been upheld by the Kentucky court of appeals.

The constitutionality was challenged

on the ground that the commission was given authority to fix the limits of the policy "for the reasonable protection" of the patrons of the operator and the public.

The court of appeals said that because of the clause providing the limits should be fixed so as to provide "reasonable protection," the act cannot be construed as vesting the commission with unlimited powers. It is sufficiently definite as to the amount of bond that may be required.

Collision Item Not Limited

In Combination Policy, Provision as to Permission to Drive Applies Only to P. L.

In a combination automobile public liability and collision policy, the provision that coverage existed only while the car was being driven by the assured or by someone with the permission of the assured, applies only to the liability item and not to the collision. This was the decision of the North Carolina supreme court in Hallock vs. American Casualty.

Gives Chauffeur Instructions

Hallock was the assured. After returning from a drive, Hallock instructed his chauffeur to put the car in the garage and bring him the keys. The chauffeur took the automobile and started on a pleasure trip of his own. He smashed up the automobile, which was damaged to the extent of \$759.

The higher court held that the American Casualty, in the collision damage endorsement, does not limit the injury to the car while being used for business or pleasure by the owner or some person authorized by him. The court cannot construe the uncertain, vague and indefinite language, "subject to all terms, etc.," which refer to the bodily injury clause, to include property damage to the automobile.

Cancellation Held Effective

Pennsylvania Supreme Court Absolves Eureka Casualty of Liability Under Depository Bonds

Holding that the form of notice of a cancellation of a contract is not material if it is a positive and unequivocal act of cancellation, the Pennsylvania supreme court, middle district, has absolved the Eureka Casualty of liability under a depository bond, guaranteeing a deposit to the school district of Harrisburg in the now defunct Commercial Trust Company of that city.

Sent Notice of Cancellation

About 15 days before the bank closed, the Eureka Casualty sent a notice of cancellation, by registered mail to "John T. Bretz, city treasurer and/or collector of city taxes of the City of Harrisburg, Pa." Bretz, as city treasurer, was collector of the taxes assessed by the school board for school district purposes. Otherwise he had no official status with the school district and could not be considered its lawful representative. On the day the notice was received by Bretz it was sent on to the secretary of the school board. A duplicate notice was sent to the Commercial Trust Company.

The supreme court held that the fact that service was made by the city treasurer's chief clerk made it none the less a service under the bond.

Superintendent of Banks Is Liable to Depositors

A former Arizona superintendent of banks and his bondsman, the National Surety, have been held liable by the Arizona supreme court to certain depositors of the Farmers Commercial State Bank on the ground the superintendent of banks had permitted that bank to reopen, without ascertaining whether the increased capital stock, which was issued as a condition of reopening, had actually been paid in cash. The case was Button et al. vs. Nevin. Button was the superintendent of banks.

Files Petition in Court

Some time after the Farmers Commercial State Bank had been closed, Button filed a petition in court, setting up that he had closed the bank, that the bank had amended its articles, changing its name and increasing its capital stock, which had been approved by him, that the capital stock had been paid and that arrangements had been made by the creditors and depositors and stockholders and directors to insure continuance of its operation. An order was entered approving the reopening. Some months later the bank was finally closed and Nevin and his assignors brought suit for \$20,000, the amount of their deposit.

The supreme court held that Button is liable on the bond because of his failure to require the conditions precedent to the reopening of the bank that the increase in the capital stock be paid in cash and that all loans be reduced to the limit required by statutes. It is no defense that he believed in good faith it was for the best interests of all parties that the bank be allowed to reopen. Button and the National Surety urged that the order of the superior court, permitting the reopening, be protected. The supreme court held, however, that the superior court was without jurisdiction to make any order in the premises.

Fireman's Death Accidental

Drops Dead Some Time After Narrowly Avoiding Collision—U. S. F. & G. Must Pay

An interesting question was decided by the New Jersey court of errors and appeals in holding the United States Fidelity & Guaranty liable under a volunteer fireman's accident policy, which provided coverage while engaged in fire fighting duties, but excluding accidental injuries caused or contributed to, directly or indirectly by sickness or disease.

Kennedy, the fireman, drove his company truck through a thick fog to and from the source of the alarm. Suddenly, another fire apparatus loomed through the fog, and the danger of collision existed. Kennedy made a quick turn, causing the truck to swerve violently. There was no collision. After the fire, which was insignificant, Kennedy returned to the fire house and as he got down from the truck, dropped unconscious and later died.

The higher court held that within the realm of a factual determination of the evidence to find that there was, without an intentional causative act by the insured, a congeries of events following so instantly one upon the other as to be practically synchronous, initiated and caused by the accidental meeting of the trucks and consequently as a whole properly defined as accidental, that resulted in Kennedy's injury and death from external violence.